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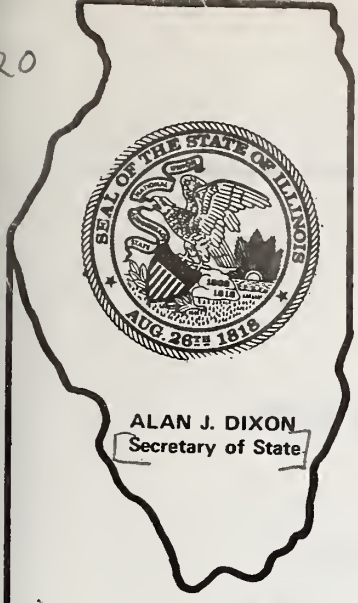

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RULES SECTION

490 CENTENNIAL BUILDING
SPRINGFIELD, IL 62756
PHONE: 217 - 782-9786
217 - 782-8570

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NOTICE BY THE OFFICE OF THE SAVINGS AND LOAN COMMISSIONER

FOR THE STATE OF ILLINOIS

OF THE ADOPTION OF RULES AND REGULATIONS IMPLEMENTING

"AN ACT TO PROVIDE FOR THE REGULATION OF MORTGAGE BANKERS"

NOTICE

PLEASE TAKE NOTICE THAT on January 6, 1978 pursuant to Section 5(g) of "AN ACT to provide for the regulation of mortgage bankers" (Illinois Revised Statutes, Chapter 16½, Paragraph 605[g] and Section 5 of the Illinois Administrative Procedure Act (Illinois Revised Statutes, Chapter 127, Paragraph 1005), the Commissioner of Savings and Loan Associations for the State of Illinois formulated, issued and adopted "ARTICLE XV of the Rules and Regulations, Office of the Savings and Loan Commissioner," which "ARTICLE XV" will implement "AN ACT to provide for the regulation of mortgage bankers." Said ARTICLE XV was filed with the Secretary of State on January 6, 1978 and in accordance with Section 6(b) of the Illinois Administrative Procedure Act (Illinois Revised Statutes, Chapter 127, Paragraph 1006[b]), said ARTICLE XV becomes effective as of January 16, 1978.

Notice of the proposed adoption of these Rules and Regulations was published in the Illinois Register on November 18, 1977. In accordance with said notice, the Commissioner of Savings and Loan Associations conducted full and open public hearings on the proposed Rules and Regulations on December 13, 1977 in the 20th Floor Press Room of the State of Illinois Building, 160 N. La Salle St., Chicago IL 60601 and received all written submissions filed by interested parties pursuant to the notice. Before formulating, issuing and adopting said ARTICLE XV, the Commissioner of Savings and Loan Associations thoroughly considered all positions, comments, arguments and data offered either orally under oath at the public hearing on December 13, 1977 or submitted in writing by interested parties pursuant to the notice in the Illinois Register on November 18, 1977. The full text of said ARTICLE XV, which becomes effective on January 16, 1978, is set forth hereafter.

DESCRIPTION OF THE SUBJECT
MATTER AND ISSUES INVOLVED

The final "ARTICLE XV" of the "Rules and Regulations, Office of the Savings and Loan Commissioner," the full text of which is set forth hereafter, involved the following subject matter and issues:

1. Procedure for mortgage bankers operating in the State of Illinois to become licensed as required by "AN ACT to provide for the regulation of mortgagers;"

2. Procedure for the determination of the National Residential Mortgage Foreclosure Rate, the Statewide Maximum Foreclosure Rate and the Illinois Residential Foreclosure Rate;

3. Procedure for the conduct of public hearings in contested matters affecting the rights of mortgage bankers operating in Illinois;

4. Procedure for the Mortgage Banking Board to make recommendations to the Commissioner;

5. Procedure for the conduct of an Audit to be performed at the direction of the Commissioner or by the Commissioner in case of an excessive Illinois Residential Mortgage Foreclosure Rate;

6. Procedure to be followed in the filing of an ANNUAL REPORT OF MORTGAGE ACTIVITY of each mortgage banker operating in the State of Illinois; and

7. Procedure to obtain Letter of No Penalty for violation of the Act not deemed by the Commissioner to require a penalty to be assessed.

COMPLETE TEXT OF ARTICLE XV, RULES AND REGULATIONS, OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN ASSOCIATIONS, FOLLOWS HEREAFTER:

ARTICLE XV

MORTGAGE BANKERS

Pursuant to Section 5(g) of "AN ACT to provide for the regulation of mortgage bankers" (Illinois Revised Statutes, Chapter 16½, Paragraph 601, et seq.), the Commissioner of Savings and Loan Associations, for the purpose of implementing said Act, hereby establishes the following ARTICLE XV.

Except as otherwise hereinafter indicated, the effective date of this ARTICLE XV is January 16, 1978 as having been originally established and filed with the Secretary of State, State of Illinois on January 6, 1978 pursuant to the Administrative Procedure Act (Illinoise Revised Statutes, Chapter 127, Paragraph 1001), as amended.

Section 1. Definitions.) As used in this Article XV, unless the context clearly otherwise requires, and incorporating by reference all statutory meanings included in "AN ACT to provide for the regulation of mortgage bankers:"

(A) "Act" means "AN ACT to provide for the regulation of mortgage bankers."

(B) "Affiliated person" means a person, as defined in this Section 1, which is owned, controlled or whose business operations are in any manner directed by a mortgage banker operating in the State of Illinois.

(C) "Applicant" means, as applicable, any one or all of the following:

(1) a person who has an application pending before the Commissioner for a license to operate as a mortgage banker;

(2) a person whose application pending before the Commissioner is the subject matter of a hearing before the Commissioner or the Mortgage Banking Board;

(3) a licensee against whom a complaint is the subject of a hearing before the Commissioner or Mortgage Banking Board;

(4) a person whose license has been suspended or revoked for cause by the Commissioner.

(D) "Application" means, for purposes of Section 14 of this Article XV, a written request for a loan on a standard form supplied and/or used by the licensee.

(E) "Benefit request date" means the earliest date at which formal action is taken by a licensee to obtain benefits on a government-insured mortgage loan; formal action includes but is not limited to the filing of a foreclosure action or the filing of a claim for benefits.

(F) "Commissioner" means the Commissioner of Savings and Loan Associations for the State of Illinois, or some person authorized by the Commissioner to act for the Commissioner.

(G) "Complainant" means an objector.

(H) "Construction loan" means a short-term loan to finance real estate improvements with or without a take out commitment for permanent financing on residential units to be occupied by five families or more.

(I) "Date of default" means the date when an uncured default has occurred which most directly precedes any formal action by a licensee which action could ultimately result in the payment of benefits on government insured mortgage loans.

(J) "Default" means a breach in the mortgagor's duty to make timely payments of principal, interest, real property tax installment or insurance premiums in accordance with the terms of a mortgage loan.

(K) "Foreclosure proceedings instituted" means a foreclosure proceeding involving a Government-insured mortgage loan wherein benefits from such Government insurance have been paid to the mortgagee or one claiming under the mortgagee, and includes those "proceedings" wherein benefits were paid after either a deed in lieu of foreclosure has been executed by a mortgagor, or after a direct assignment to the insuring governmental agency.

(L) "Full-service office" means an office operated within the State of Illinois by trained personnel competent in all aspects of mortgage lending activities, including underwriting, servicing and field collection activities.

(M) "Government-insured mortgage loan" means any mortgage loan made on the security of residential real estate insured by the Department of Housing and Urban Development or guaranteed by the Veterans Administration.

(N) "Hearing Officer" means the presiding official(s) designated by the Commissioner to conduct a hearing or anyone designated by the Commissioner to hear evidence; means any member of a panel appointed by the Commissioner to conduct a hearing.

(O) "Home improvement and rehabilitation loan" means a loan secured by residential real estate for the purpose of repair or improvement of existing construction.

(P) "Home mortgage" means a loan secured by residential real estate situated in the State of Illinois.

(Q) "Illinois Residential Foreclosure Rate" means the foreclosure rate of a particular licensee as determined in accordance with Section 5 of this Article XV.

(R) "Immediate family" means the following (whether by full or half-blood or by adoption):

(1) Such person's spouse, father, mother, children, brothers, sisters and grandchildren; and

(2) The father, mother, brothers and sisters of such person's spouse; and

(3) The spouse of a child, brother or sister of such person.

(S) "Insolvency" means the inability to pay debts as they fall due in the usual course of business.

(T) "Licensee" means one licensed pursuant to the terms of the Act and this Article XV.

(U) "Mortgage banker" means that person included by the terms of the Act as being required to become a licensee under the Act, but does not include an employee of a mortgage banker or an individual acting under the direction, control and management of a mortgage banker; further, any person engaged in a business other than mortgage banking, but who, incidental to that business and in furtherance thereof solicits loans for others, shall not be deemed a mortgage banker (e.g., attorneys, builders), unless the loan solicitation becomes a significant source of income to that person.

(V) "Mortgage Banking Board" means the Mortgage Banking Board as created by the Act.

(W) "National Residential Mortgage Foreclosure Rate" means the number of foreclosure proceedings instituted on Government-insured mortgage loans in the United States during the five calendar years immediately preceding the determination of the National Residential Mortgage Foreclosure Rate, divided by the number of Government-insured mortgage loans originated in the United States during the five calendar years immediately preceding the determination of the National Residential Mortgage Mortgage Foreclosure Rate.

(X) "Notice" means the notice prescribed by the Act or as prescribed by this Article XV, as applicable.

(Y) "Objector" means a person who has filed a written complaint objecting to an application pending before the Commissioner which is the subject matter of a hearing before the Commissioner or the Mortgage Banking Board; or a person who has filed a written complaint objecting to business practices or conduct of a licensee, which may or may not include a member of the public questioning specific practices or specific conduct of a licensee.

(Z) "Originated" means, for the purposes of this Article XV and the Act, a Government-insured mortgage loan granted by or purchased by the licensee which loan at the date of making any necessary filings required by the Act remains in the loan portfolio of the licensee, or in the loan portfolio of an affiliated person of the licensee, or upon which a licensee has not released its service obligation, but includes those Government insured mortgage loans on which foreclosure proceedings have been instituted during stated reported periods by the licensee, and those Government-insured mortgage loans which have been paid in full during stated reporting periods.

(AA) "Party" means a person named in a pleading or affected by an Order of the Commissioner.

(BB) "Payments" means payments of all or any of the following: principal, interest and expenses of all kinds.

(CC) "Person" means an individual, partnership, joint venture, trust, estate, unincorporated association or corporation.

(DD) "Residential loans secured by five units and over" means end-loan financing of loans secured by real estate supporting residential units constructed to be occupied by five families or more.

(EE) "Residential real estate" means any single family residence or multiple-dwelling structure containing four or less single-dwelling units for four or less family units, living independently of each other, or any single-family condominium unit.

(FF) "Service obligation" or "servicing" means the collection for an investor or for a mortgage banker's own account of payments, interest, principal and trust items such as hazard insurance and taxes on a Government insured mortgage loan by the borrower in accordance with the terms of such Government-insured mortgage loan; and includes loan payment follow-up, delinquency loan follow up and loan analysis

(GG) "Shareholder" means any person, as defined in this Section 1, owning ten per cent (10%) or more of any class of equity securities individually; or owning ten per cent (10%) or more of any class of equity securities when aggregated with the holdings of such person's immediate family.

(HH) "Statewide Maximum Foreclosure Rate" means the multiple of the National Residential Mortgage Foreclosure Rate as described at Section 8 of this Article XV.

Section 2. Applicability.) All mortgage bankers as defined in the Act must make application for a license to operate as a mortgage banker in accordance with the terms of this Article XV.

Section 3. License Fees.) Payment of a license fee in the amount of Five Hundred Dollars ($500) must accompany each application for a license to operate as a mortgage banker. Check for such fee should be made payable to "Commissioner of Savings and Loan Associations."

Section 4. Application Form.) Application for a license to operate as a mortgage banker must be made annually on the following form, which form must be obtained from the Agency. The application must be executed by the owner if the applicant/licensee is a sole proprietorship; by all partners if the applicant/licensee is a partnership; by two officers or all directors if the applicant/licensee is a corporation; or by all members if the applicant/licensee is an association. The application must be filed no later than February 1, 1978 and by February 1 of every year thereafter with the Office of the Commissioner of Savings and Loan Associations, 160 North La Salle Street, Chicago IL 60601. The statements contained in the application must be accurate as of the date of the execution of the application form. Terms contained in the application form shall be construed as defined at Section 1 of this Article XV.

1. FULL LEGAL NAME OF APPLICANT/LICENSEE_____

_____

_____

2. ADDRESS OF HOME OFFICE OF APPLICANT/LICENSEE

_____

_____

_____

3. ADDRESS(ES) OF FULL-SERVICE OFFICE(S) LOCATED IN ILLINOIS IF DIFFERENT FROM ITEM 2 ABOVE

_____

_____

_____

4. DESCRIPTION OF FULL-SERVICE OFFICE(S) [INCLUDING BUT NOT LIMITED TO HOURS OF OPERATION, NUMBER OF PERSONS EMPLOYED SPECIFYING WHETHER FULL-TIME OR PART-TIME AND NUMBER OF HOURS IF PART-TIME] _____

_____

_____

_____

5. NAME(S) OF PERSON(S) MANAGING SUCH OFFICE(S)

_____

_____

_____

6. IF APPLICANT/LICENSEE IS A PERSON OTHER THAN AN INDIVIDUAL, LIST ALL OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS OR MEMBERS (AS APPLICABLE), INCLUDING FULL NAME AND TITLE OF EACH [NOTE: IF A SHAREHOLDER IS ANOTHER CORPORATE ENTITY, LIST THE NAME OF THAT CORPORATION AND ALSO LIST ITS OFFICERS AND DIRECTORS AND SHAREHOLDERS] _____

_____

_____

_____

7. LIST THE TITLE(S) AND CASE NUMBER(S) OF ALL PENDING LITIGATION FILED IN THE STATE OF ILLINOIS INVOLVING THE APPLICANT/LICENSEE OR ANY ONE OR MORE OF ITS DIRECTORS, SHAREHOLDERS, PARTNERS OR MEMBERS (AS APPLICABLE) WITH RESPECT TO THE OPERATION OF A MORTGAGE BANKING BUSINESS, BUT NOT INCLUDING FORECLOSURE PROCEEDINGS _____

_____

_____

_____

8. ILLINOIS RESIDENTIAL FORECLOSURE RATE OF APPLICANT/LICENSEE (COMPUTED AS REQUIRED AND IN ACCORDANCE WITH SECTION 5 OF ARTICLE XV OF RULES AND REGULATIONS OF THE COMMISSIONER OF SAVINGS AND LOAN ASSOCIATIONS) _____

9. UNDER PENALTY OF PERJURY, I (WE) STATE THAT ALL OF THE FOREGOING IS TRUE AND CORRECT TO THE BEST OF MY (OUR) KNOWLEDGE AND FURTHER STATE THAT THE APPLICANT/LICENSEE

(a) [IF NEW APPLICANT, NOW MAINTAINS] [IF LICENSEE APPLYING FOR RENEWAL, HAS MAINTAINED FOR A MINIMUM OF ONE YEAR] A FULL SERVICE OFFICE OR PLACE OF BUSINESS IN THE STATE OF ILLINOIS;

(b) [IF NEW APPLICANT, NOW MAINTAINS] [IF LICENSEE APPLYING FOR RENEWAL, HAS MAINTAINED FOR A MINIMUM OF ONE YEAR] STAFF REASONABLY ADEQUATE TO HANDLE ALL COMMUNICATIONS, QUESTIONS AND ALL OTHER MATTERS RELATING TO ANY HOME MORTGAGE WITH RESPECT TO WHICH SUCH [APPLICANT WILL BE][LICENSEE IS] COLLECTING PAYMENTS OR PERFORMING OTHER SERVICES REGARDLESS OF KIND, FOR ANY BORROWER OR LENDER OR NOTE OWNER OR HOLDER OR FOR THE APPLICANT/LICENSEE WHILE ENGAGED IN THE MORTGAGE BANKING BUSINESS;

(c) HAS FOR A PERIOD OF 2 YEARS KEPT AND MAINTAINED A WRITTEN RECORD WITH RESPECT TO EACH WRITTEN INQUIRY OR APPLICATION MADE IN PERSON OR BY WRITTEN COMMUNICATION TO SUCH APPLICANT/LICENSEE REGARDING ANY HOME MORTGAGE IN THE COURSE OF THE CONDUCT OF THE APPLICANT/LICENSEE'S REAL ESTATE BUSINESS;

(d) HAS FILED WITH THE COMMISSIONER AND WILL FILE WITH THE COMMISSIONER WHEN DUE ANY REPORT OR REPORTS WHICH APPLICANT/LICENSEE IS REQUIRED TO FILE UNDER THE PROVISIONS OF "AN ACT TO PROVIDE FOR THE REGULATION OF MORTGAGE BANKERS" (ACT) AND ARTICLE XV OF THE RULES AND REGULATIONS OF THE COMMISSIONER OF SAVINGS AND LOAN ASSOCIATIONS;

(e) HAS NOT ENGAGED WHETHER AS A PRINCIPAL OR AGENT IN THE PRACTICE OF REJECTING APPLICATIONS WITHOUT REASONABLE CAUSE, OR VARYING THE TERMS OR APPLICATION PROCEDURES WITHOUT REASONABLE CAUSE, FOR HOME MORTGAGES ON REAL ESTATE WITHIN ANY SPECIFIC GEOGRAPHIC AREA FROM THE TERMS OR PROCEDURES GENERALLY PROVIDED BY THE APPLICANT/LICENSEE WITHIN OTHER GEOGRAPHIC AREAS OF THE STATE;

(f) HAS NOT ENGAGED IN FRAUDULENT HOME MORTGAGE CREDIT UNDERWRITING PRACTICES;

(g) HAS NOT MADE PAYMENTS, WHETHER DIRECTLY OR INDIRECTLY, OF ANY KIND TO ANY IN-HOUSE OR FEE APPRAISER OF ANY GOVERNMENT OR PRIVATE MONEY LENDING AGENCY WITH WHICH AN APPLICATION FOR A HOME MORTGAGE HAS BEEN FILED, FOR THE PURPOSE OF INFLUENCING THE INDEPENDENT JUDGMENT OF THE APPRAISER WITH RESPECT TO THE VALUE OF ANY REAL ESTATE WHICH IS TO BE COVERED BY SUCH HOME MORTGAGE;

(h) HAS NOT ENGAGED IN ANY ACTIVITY INVOLVING THE REJECTION OF AN APPLICATION FOR A HOME MORTGAGE WHICH CONSTITUTES A VIOLATION OF ANY APPLICABLE ANTI-DISCRIMINATION STATUTE;

(i) HAS NOT MADE ANY FALSE PROMISES LIKELY TO INVLUENCE, PERSUADE, OR PURSUED A COURSE OF MISREPRESENTATION OR FALSE PROMISES THROUGH AGENTS OR SOLICITORS, OR ADVERTISING OR OTHERWISE;

(j) HAS NOT MISREPRESENTED, CIRCUMVENTED OR CONCEALED THROUGH WHATEVER SUBTERFUGE OR DEVICE ANY OF THE MATERIAL PARTICULARS OR THE NATURE THEREOF, REGARDING A TRANSACTION TO WHICH APPLICANT/LICENSEE IS A PARTY, AND OF INJURY TO ANOTHER PARTY THERETO;

(k) HAS DISBURSED FUNDS IN ACCORDANCE WITH APPLICANT/LICENSEE'S AGREEMENTS;

(l) HAS COMMITTED NO CRIME AGAINST THE LAW OF THIS STATE OR ANY OTHER STATE OR OF THE UNITED STATES, INVOLVING MORAL TURPITUDE, OR FRAUDULENT OR DISHONEST DEALING, AND NO FINAL JUDGMENT HAS BEEN ENTERED AGAINST APPLICANT/LICENSEE IN A CIVIL ACTION UPON GROUNDS OF FRAUD, MISREPRESENTATION OR DECEIT;

(m) HAS NOT FAILED TO ACCOUNT OR DELIVER TO ANY PERSON ANY PERSONAL PROPERTY SUCH AS MONEY, FUND, DEPOSIT, CHECK, DRAFT, MORTGAGE OR OTHER DOCUMENT, OR THING OF VALUE, WHICH HAS COME INTO APPLICANT/LICENSEE'S HANDS, AND WHICH IS NOT APPLICANT/LICENSEE'S PROPERTY, OR WHICH APPLICANT/LICENSEE IS NOT IN LAW OR EQUITY ENTITLED TO RETAIN, UNDER THE CIRCUMSTANCES, AND AT THE TIME WHICH HAS BEEN AGREED UPON, OR IS REQUIRED BY LAW, OR, IN THE ABSENCE OF A FIXED TIME, UPON DEMAND OF THE PERSON ENTITLED TO SUCH ACCOUNTING AND DELIVERY;

(n) HAS NOT FAILED TO PLACE, IMMEDIATELY UPON RECEIPT, ANY MONEY, FUND, DEPOSIT, CHECK OR DRAFT, ENTRUSTED TO APPLICANT/LICENSEE BY ANY PERSONS DEALING WITH APPLICANT/LICENSEE AS A MORTGAGE BANKER, IN ESCROW WITH AN ESCROW AGENT LOCATED AND DOING BUSINESS IN ILLINOIS PURSUANT TO A WRITTEN AGREEMENT, OR, TO DEPOSIT SAID FUNDS IN A TRUST OR ESCROW BANK ACCOUNT MAINTAINED BY APPLICANT/LICENSEE WITH SOME BANK LOCATED AND DOING BUSINESS IN ILLINOIS, WHEREIN SAID FUNDS SHALL BE KEPT UNTIL DISBURSEMENT THEREOF IS PROPERLY AUTHORIZED;

(o) HAS COMPLIED WITH ALL PROVISIONS OF THE ACT OR WITH ANY LAWFUL ORDER, RULE OR REGULATION MADE OR ISSUED UNDER THE PROVISIONS OF THE ACT, AND WILL COMPLY WITH ANY OF THE PROVISIONS OF THE ACT OR WITH ANY LAWFUL ORDER, RULE AND REGULATION MADE OR ISSUED PURSUANT TO THE PROVISIONS OF THE ACT;

(p) HAS NOT ENGAGED IN ANY CONDUCT WHICH WOULD BE CAUSE FOR DENIAL OF A LICENSE;

(q) HAS NOT BECOME INSOLVENT; AND

(r) UNDERSTANDS AND AGREES THAT ANY EXCEPTIONS FROM THE FOREGOING REQUIRED STATEMENTS MUST BE EXPLAINED IN FULL BY SWORN AND SUBSCRIBED ADDENDA ATTACHED TO THIS LICENSE APPLICATION.

/s/_____

STATE OF ILLINOIS)
)
COUNTY OF)

Subscribed and sworn to before me this
_____ day of _____, 19___.

_____
Notary Public

Section 5. Computation of Illinois Residential Foreclosure Rates.) Each licensee is required to include in its application for a license to operate as a mortgage banker the following computation which is that licensee's Illinois Residential Foreclosure Rate on Government insured mortgage loans:

(A) Add the number of foreclosure proceedings instituted during the five full calendar years immediately preceding the filing of the application for a license to operate as a mortgage banker on Government insured mortgage loans originated by the licensee during the five full calendar years immediately preceding the filing of the application for a license to operate as a mortgage banker;

(B) Take the total determined by the computation defined in (A) hereinabove and divide that sum by the number of Government-insured mortgage loans originated by the licensee during the five full calendar years immediately preceding the filing of the application for a license to operate as a mortgage banker.

(C) Computations required to be performed by the terms of this section shall be made for an aggregate period as described hereinabove; but for informational purposes shall also reflect a yearly breakdown.

Section 6. Additional Data to be Obtained by Commissioner.) The Commissioner shall annually demand from the Department of Housing and Urban Development and the Veterans Administration, data for the preceding five calendar years, indicating the number of Government insured mortgage loans originated and/or serviced by each licensee or applicant and the total number of foreclosure proceedings instituted on such Government insured mortgage loans. The Commissioner shall review data so obtained in conjunction with submissions made as required by Section 4 of this Article XV. The Commissioner shall make a computation in the manner prescribed at Section 5 of this Article XV employing the data obtained in the manner described in this Section 6. If upon review of the computation so performed and in consideration of a determination made in accordance with Section 13 of this Article XV, the Commissioner so deems it appropriate, the Commissioner may take any action permitted to be taken in accordance with Section 12 of this Article XV. The Commissioner may request additional documentation or data as a supplement to any review conducted as a result of data obtained in accordance with this Section 6.

Section 7. Determination of National Residential Mortgage Foreclosure Rate.) On March 1, 1978 and on March 1 of every year following, or as soon as possible thereafter, the Commissioner shall determine the National Residential Mortgage Foreclosure Rate on Government insured mortgage loans in accordance with the terms of the Act, as enacted or as it may be amended. Such determination will be made based upon documentation obtained from the Department of Housing and Urban Development, from the Veterans Administration and any other source for such information deemed satisfactory or necessary by the Commissioner.

Section 8. Determination of Statewide Maximum Foreclosure Rate) The Statewide Maximum Foreclosure Rate on Government-insured mortgage loans shall be as follows during the years listed:

	FACTOR TIMES NATIONAL RESIDENTIAL MORTGAGE FORECLOSURE RATE
1978	2x
1979	1.5 x
1980	1.25 x
1981 and all subsequent years to be equal to the National Residential Mortgage Foreclosure Rate.	

Section 9. Inquiries or Complaints.) The Commissioner shall designate an individual on the staff of the Office of the Savings and Loan Commissioner to process and review inquiries or complaints made in accordance with the following procedure:

(A) Inquiries concerning general questions shall be processed in the most expeditious fashion (by telephonic or written communication) as dictated by the elements of each individual inquiry.

(B) All complaints alleging wrongdoing by an individual licensee or applicant shall be made in written form, signed by the complainant, and addressed to the Office of the Savings and Loan Commissioner, 160 N. La Salle St., Rm. 526, Chicago IL 60601.

(C) A complainant need not submit a complaint that is prepared in any particularized form. However, each complaint must state sufficient information for the Commissioner to commence an investigation.

(D) After receipt of such a complaint, the Commissioner shall require the licensee or applicant to furnish a written response to allegations made by the complainant, along with such documentation in support thereof as the Commissioner deems necessary.

(E) The Commissioner shall review the response of the licensee or applicant in light of the complainant's allegation. The Commissioner shall, in writing, inform both the complainant and licensee or applicant as to any suggested actions to achieve a satisfactory resolution of any dispute.

(F) Whenever, in the opinion of the Commissioner, a satisfactory resolution of a complaint has not been or will not be accomplished, the Commissioner shall call a hearing concerning the matter; which hearing shall be conducted in conformance with Section 10 of this Article XV.

(G) Notwithstanding any contrary requirement at Section 10 of this Article XV, whenever the Commissioner shall call a hearing as the result of a failure to resolve satisfactorily a complaint filed in accordance with this Section 9, the complainant shall not be liable for any of the costs or expenses of such a hearing.

(H) The Mortgage Banking Board may, at its request, review any files of the Office of the Savings and Loan Commissioner obtained and maintained in accordance with this Section 9.

Section 10. Administrative Hearing Procedures.) Whenever the Commissioner or the Mortgage Banking Board determines that a hearing should be held, such hearing shall be conducted in conformance with the following:

(A) Applicability: This section shall apply to all hearings conducted under the jurisdiction of the Commissioner or the Mortgage Banking Board pursuant to the terms of the Act as defined at Section 1(A) of this Article XV.

(B) Filing: Documents and requests permitted or required to be filed with the Commissioner or Mortgage Banking Board in connection with a hearing shall be addressed in accordance with the provision of Section 10(C)(3) of this Article XV and mailed or delivered to the Office of the Commissioner of Savings and Loan Associations, 160 North La Salle Street, Chicago IL 60601, in triplicate. The office of the Agency is open for filing and inspection and copying of public documents from 9:00 a.m. to 4:30 p.m., Monday through Friday, except on National and State legal holidays.

(C) Form of Documents:

(1) Documents shall clearly show the title of the proceedings in connection with which they are filed;

(2) Except as otherwise provided, three (3) copies of all documents including notices, motions and petitions, shall be filed with the Commissioner or the Mortgage Banking Board;

(3) Any filing required to be made pursuant to the terms of this Section 10 with the Mortgage Banking Board or with the Commissioner shall be properly addressed to either the Mortgage Banking Board or the Commissioner, whichever is conducting the proceedings for which such filing is being made;

(4) Documents shall be typewritten or reproduced from typewritten copy on letter or legal size white paper; and

(5) One copy of each document filed shall be signed by the party or by the party's authorized representative.

(D) Computation of Time: Computation of any period of time prescribed by this Section 10 shall begin with the first business day following the date of filing of the documentation with the Commissioner or Mortgage Banking Board pursuant to Section 10(B) of this Article XV, and shall run until the end of the last day, or the next following business day if the last day is a Saturday, Sunday or legal holiday. Where the period of time is five days or less, Saturdays, Sundays and legal holidays shall be excluded in the computation of time. Notice requirements shall be construed to mean notice received, but proof that notice was dispatched by means reasonably calculated to be received by the prescribed date shall be prima facie proof that notice was timely received.

(E) Appearances:

(1) Any person entitled to participate in proceedings may appear as follows:

(a) A natural person may appear in that person's own behalf or by an attorney at law licensed to practice in the State of Illinois, or both;

(b) An association or other business, nonprofit or government organization may appear by any bona fide officer, employee or representative, or may be represented by an attorney licensed to practice in the State of Illinois, or both.

(2) An attorney appearing in a representative capacity shall file a written notice of appearance.

(F) Notice of Hearing: All administrative hearings shall be initiated by the issuance by the Commissioner or Mortgage Banking Board of a written Notice of Hearing, which shall be served upon all known parties to the hearing.

(G) Service of the Notice of Hearing: Service shall be complete when the Notice of Hearing is served in person or deposited in the United States mail, postage prepaid, registered or certified, addressed to the last known address of the person(s), partnership(s), association(s) or corporation(s) involved, not less than twenty (20) days before the date designated for the hearing.

(H) Motion and Answer:

(1) Any party receiving a Notice of Hearing may file an answer not later than five (5) days prior to the date of hearing. All answers or motions preliminary to a hearing shall be presented to the Commissioner or Mortgage Banking Board and to the Hearing Officer at least five days prior to the date of the hearing, or on such other date as the Hearing Officer shall designate and shall be served personally or by registered or certified United States mail.

(2) Unless made orally on the record during a hearing, or unless the Hearing Officer directs otherwise, an answer or a motion shall be in writing and shall be accompanied by any affidavits or other evidence relied upon and, as appropriate, by a proposed order. At least two copies of all such motions shall be filed with the Commissioner or Mortgage Banking Board and one copy iwht the Hearing Officer, and at least one copy served on each additional party, if any, to the hearing.

(3) Within five (5) days after service of a written motion, or such other period as the Hearing Officer may prescribe, a party may file a response in support of or in opposition to the motion, accompanied by affidavits or other evidence. If no response is filed, the parties shall be deemed to have waived objection to the granting of the motion. The moving party shall have no right to reply, except as permitted by the Hearing Officer.

(4) No oral argument will be heard on a motion, unless the Hearing Officer directs otherwise. A written brief may be filed with a motion or an answer to a motion, stating the arguments and authorities relied upon.

(5) A written motion will be disposed of by written order and on notice to all parties.

(6) The Hearing Officer shall rule upon all motions, except that the Hearing Officer shall have no authority to dismiss or decide a hearing on the merits without granting all parties to the proceeding a right to be heard and to establish a record.

(7) Unless otherwise ordered, the filing of an answer or motion shall not stay the proceeding or extend the time for the performance of any act.

(8) A party may participate in the proceedings without forfeiting any jurisdictional objection, if such objection is raised at or before the time the party files an answer or motion, or, if no answer or motion is made, before the commencement of the hearing.

(I) Consolidation and Severance of Matters—Additional Parties: In the interest of convenient, expeditious and complete determination of matters, the Hearing Officer may consolidate or sever hearing proceedings involving any number of parties, and may order additional parties to be brought in.

(J) Intervention:

(1) Upon timely written application, the Hearing Officer may permit any person to intervene in a hearing proceeding, subject to the necessity for conducting an orderly and expeditious hearing, when either of the following conditions is met:

(a) When the person is so situated that that person may be adversely affected by a final order arising from the hearing; or

(b) When a person's circumstances and the hearing proceeding have a question of law or fact in common.

(2) Two copies of a petition for intervention shall be filed with the Commissioner or Mortgage Banking Board and one copy shall be filed with the Hearing Officer, and one copy served on each party, no later than 48 hours prior to the date set for hearing of the matters set forth in the Notice of Hearing. The Hearing Officer may permit later intervention when there is good cause for the delay.

(3) An intervenor shall have all the rights of an original party, except that the Hearing Officer may, in the Hearing Officer's Order allowing intervention, provide that the Applicant and Objector shall not raise issues which might more properly have been raised at an earlier stage of the proceeding, that the Applicant and Objector shall not raise new issues or add new parties, or that in other respects the Applicant and Objector shall not interfere with the control of the hearing, as justice and the avoidance of undue delay may require.

(K) Postponement or Continuance of Hearing: A hearing may be postponed or continued for due cause by the Commissioner or Mortgage Banking Board or the Hearing Officer upon their own motion or upon motion of a party to the hearing; such motion of the party shall set forth facts attesting that the request for continuance is not for the purposes of delay. Notice of any postponement or continuance shall be given in writing to all parties to the hearing within a reasonable time in advance of the previously scheduled hearing date. All parties involved in a hearing shall attempt to avoid undue delay caused by repetitive postponements or continuances so that the subject matter of the hearing may be resolved expeditiously.

(L) Authority of Hearing Officer: The Hearing Officer has the authority to conduct a hearing, take all necessary action to avoid delay, maintain order and insure the development of a clear and complete record. The Hearing Officer shall have all powers necessary to conduct a hearing including the power to:

(1) Administer oaths and affirmations;

(2) Regulate the course of hearings, set the time and place for continued hearings, fix times for filing of documents, provide for the taking of testimony by deposition if necessary and generally conduct the proceedings according to generally recognized administrative law and this Section 10 of this Article XV;

(3) Examine witnesses and direct witnesses to testify, limit the number of times any witness may testify, limit repetitious or cumulative testimony and set reasonable limits on the amount of time each witness may testify;

(4) Rule upon offers of proof and receive relevant evidence;

(5) Sign and issue subpoenas that require attendance, giving testimony and the production of books, papers and other documentary evidence;

(6) Direct parties to appear and confer for the settlement or simplification of issues, and to otherwise conduct prehearing conferences;

(7) Dispose of procedural requests or similar matters;

(8) Render Findings of Fact, Opinions and Recommendations for consideration by the Mortgage Banking Board;

(10) Enter any Order that further carries out the purpose of this section; and

(11) At the discretion of the Hearing Officer, accept probative, relevant evidence from any entiry.

(M) Bias or Disqualification of Hearing Officer:

(1) Any interested party may file a timely and sufficient affidavit setting forth allegations of personal bias or prejudice for disqualification of a presiding Hearing Officer. The Commissioner or Mortgage Banking Board shall determine this issue as part of the record of the case. When a Hearing Officer is disqualified, or it becomes impractical for the Hearing Officer to continue, another Hearing Officer may be assigned, unless it is further shown that substantial bias or prejudice will result from the assignment.

(2) The Hearing Officer may at any time voluntarily disqualify oneself.

(N) Prehearing Conferences:

(1) Upon written notice by the Hearing Officer in any proceeding, or upon written request by any party, the Hearing Officer may direct parties or their attorneys to appear at a specified time and place for a conference, prior to or during the course of hearing, for the purpose of formulating issues and considering:

(a) The simplification of issues;

(b) The necessity or desirability of amending the pleadings for the purpose of clarification, amplification or limitation;

(c) The possibility of making admissions of certain averments of fact or stipulations concerning the use by either or both parties of matters of public record to avoid unnecessary introduction of proof;

(d) The limitation of the number of witnesses;

(e) The propriety of prior mutual exchange between or among the parties of prepared testimony and exhibits; and

(f) Such other matters as may aid in the simplification of the evidence and disposition of the proceeding.

(2) Opportunity shall be afforded all parties to be represented by legal counsel and to dispose of the case by stipulation, agreed settlement or consent order, unless otherwise precluded by law. Any stipulation, agreed settlement or consent order reached before a final determination by the Commissioner shall be submitted in writing to the Hearing Officer and shall become effective only if approved by the Hearing Officer and by the Commissioner.

(3) Only if all parties to a controversy agree, a record of the prehearing conference shall be kept. It must be certified to by the parties, then filed with the case material in the files of the Commissioner or Mortgage Banking Board.

(O) Discovery:

(1) The following discovery procedures may be ordered by the Hearing Officer upon the written request of any party where necessary to expedite the proceedings, to ensure a clear or concise record, to ensure a fair opportunity to prepare for the hearing, or to avoid surprise at the hearing:

(a) Production of documents or things;

(b) Depositions;

(c) Interrogatories.

(2) The Hearing Officer may order the following discovery upon written request of any party:

(a) List of persons who may have knowledge of facts concerning the subjects of inquiry at the hearing;

(b) Reasonable inspection of books, records and documents by experts.

(3) Any person, including a party, who is deposed, interrogated or required to submit documents or things under this section may be examined regarding any matter, not privileged, which is relevant to the subject matter of the hearing, or which may lead to the discovery of such relevant information.

(4) All depositions and interrogatories taken pursuant to this section shall be for purposes of discovery only, except as herein provided. Such depositions and interrogatories may be used for purposes of impeachment and as admissions of the deposed or interrogated party. Upon application to the Hearing Officer either before or after the taking of such deposition or interrogatories and upon a showing that at the time of the hearing, the party because of death, age, sickness, infirmity, absence from the country or other exceptional circumstances, the Hearing Officer may order that the deposition or interrogatories be used as evidence in the hearing.

(P) Subpoenas:

(1) Upon application to the Hearing Officer by any party, the Hearing Officer may issue a subpoena for attendance at deposition or hearing, which may include a command to produce books, papers, documents or tangible things designated therein and reasonably necessary to resolution of the matter under consideration, subject to the limitations on discovery prescribed by this section.

(2) Every subpoena shall state the title of the action and shall command each person to whom it is directed to attend and give testimony at the time and palce therein specified.

(3) The Hearing Officer, the Commissioner or the Mortgage Banking Board, upon motion made promptly and in any event at or before the time specified in the subpoena for compliance therewith, may quash or modify the subpoena if it is unreasonable and oppressive.

(Q) Conduct of the Hearing:

(1) All hearings shall be public, unless required by statute to be otherwise. Any person may submit written statements relevant to the subject matter of the hearing. Any person submitting such a statement shall be subject to cross-examination by any party. If such person is not available for cross-examination upon timely request, the written statement shall be stricken from the record. The Hearing Officer may take evidence from any person whether or not such person is a party to the proceedings.

(2) The following shall be the order of proceedings of all hearings, subject to modification by the Hearing Officer for good cause:

(a) Presentation, argument and disposition of motions preliminary to a hearing on the merits of the matters raised in the Notice or Answer;

(b) Presentation of opening statement by Hearing Officer;

(c) Objector's, Commissioner's or Mortgage Banking Board's case in chief;

(d) Applicant's case in chief;

(e) Objector's, Commissioner's or Mortgage Banking Board's case in rebuttal;

(f) Applicant's case in rebuttal;

(g) Statements from interested citizens, if authorized by the Hearing Officer;

(h) Applicant's closing statement;

(i) Objector's, Commissioner's or Mortgage Banking Board's closing statement;

(j) Presentation and argument of all motions prior to final order;

(k) Presentation of written briefs pursuant to Paragraph (W) hereof;

(l) Filing of proposed Findings of Fact and Conclusions of Law upon Order of the Hearing Officer.

(R) Default: Failure of a party to appear on the date set for hearing, or failure to proceed as ordered by the Hearing Officer, shall constitute a default. The Hearing Officer shall thereupon enter such Findings, Opinions and Recommendations as is appropriate under the pleadings and such evidence as the Hearing Officer shall receive into the record.

(S) Evidence:

(1) The Hearing Officer shall receive evidence which is admissible under the law of the Rules of Evidence of Illinois pertaining to civil actions. In addition, the Hearing Officer may receive material, relevant evidence which would be relied upon by a reasonably prudent person in the conduct of serious affairs which is reasonably reliable and reasonably necessary to resolution of the issue for which it is offered, provided that the rules relating to privileged communications and privileged topics shall be observed.

(2) The Hearing Officer shall exclude immaterial, irrelevant and repetitious evidence.

(3) When the admissibility of disputed evidence depends upon an arguable interpretation of substantive law, the Hearing Officer shall admit such evidence.

(4) A party may conduct examinations or cross-examinations without rigid adherence to formal rules of evidence, provided the examination or cross examination can be shown to be necessary and pertinent to a full and fair disclosure of the subject matter of the hearing.

(T) Official Notice: Official notice may be taken of all facts of which judicial notice may be taken and of other facts, of a technical nature, within the specialized knowledge and experience of the Commissioner or the Mortgage Banking Board.

(U) Hostile Witnesses:

(1) If the Hearing Officer determines that a witness is hostile or unwilling, such witness may be examined by the party calling the witness as if under cross-examination.

(2) The party calling an occurrence witness, upon the showing that the witness was called in good faith and that the party is surprised by the testimony, may impeach the witness by proof of prior inconsistent statements.

(V) Transcription of Proceedings:

(1) Oral proceedings at which evidence is presented shall be recorded either by a certified court reporter or a mechanical recording device. Any transcription will be retained through and including the time allotted for appeal, revision, rehearing or other manner of review prior to final disposition as provided for by the Commissioner, or by law.

(2) The transcript and the record offered in connection with the hearing shall constitute the official record.

(3) The record in an administrative hearing shall include:

(a) Prehearing records;

(b) All pleadings (including all Notices and Answers, motions, briefs and rulings);

(c) Evidence received;

(d) A statement of matters officially noticed;

(e) Offers of proof, objections and rulings;

(f) Findings, Opinions and Recommendations of the hearing Officer;

(g) Findings, Opinions and Recommendations of the Mortgage Banking Board.

(W) Briefs: The parties may submit written briefs to the Hearing Officer within ten days after the close of the hearing, or such other reasonable time as the Hearing Officer shall determine consistent with the Commissioner's responsibility for expeditious decision.

(X) Hearing Officer's Findings, Opinions and Recommendations:

(1) The Hearing Officer's Findings, Opinions and Recommendations shall be in writing and shall include Findings of Fact and Conclusions of Law, or Opinions separately stated when possible. Findings of Fact, if set forth in statutory language, shall be accompanied by a statement of the underlying supporting facts. If a party submits proposed Findings of Fact which may control the decision or order, the decision or order shall include a ruling upon each proposed finding. Each Conclusion of Law shall be supported by authority or reasoned opinion. A decision or order shall not be made except upon consideration of the record as a whole or such portion thereof as may be supported by competent material and substantial evidence.

(2) The Hearing Officer shall then submit the Findings, Opinions and Recommendations to the Commissioner or Mortgage Banking Board.

(Y) Mortgage Banking Board's Findings, Opinions and Recommendations: The Mortgage Banking Board's Findings, Opinions and Recommendations relative to the subject matter of a hearing held pursuant to the terms of this section shall be in a form which is consistent with that form prescribed in paragraph (X) of this section.

(Z) Order of the Commissioner:

(1) The Commissioner shall review the Mortgage Banking Board's or the Hearing Officer's Findings, Opinions and Recommendations and shall issue an Order as set forth by applicable statutes or within a reasonable time.

(2) The decision in the case will become effective immediately upon the execution of a written Order, or as otherwise specified by either the Order or applicable statute.

(3) Parties shall be immediately notified either personally or by mail, postage prepaid, certified or registered, addressed to the last known address of the person, partnership, association or ocrporation involved, of the Order. A copy of the Order shall be delivered or mailed to each party and to each party's attorney of record.

(4) The Commissioner, may, as part of the Commissioner's Order, require any party to the proceeding to pay part or all of the costs of the hearing, including but not limited to: witness fees; court reporter fees; Hearing Officer fees; and the cost of the transcript, as set set forth at subsection (BB) hereafter.

(AA) Rehearings:

(1) Except as otherwise provided by law and for good cause shown, the Commissioner or the Mortgage Banking Board in the Commissioner's/the Board's discretion, may order a rehearing in a contested case on petition of an interested party.

(2) Where the record of testimony made at the hearing is found by the Mortgage Banking Board in its discretion to be inadequate for purposes of review by the Commissioner, the Mortgage Banking Board may order a reopening of the hearing.

(3) Where the record of testimony made at the hearing is found by the Commissioner to be inadequate for purposes of judicial review, the Commissioner may order a reopening of the hearing.

(4) A motion for a rehearing or a motion for the reopening of a hearing shall be filed within ten (10) days of the date of mailing of the Commissioner's Order. A rehearing shall be Noticed and conducted in the same manner as an original hearing. The evidence received at the rehearing shall be included in the record for the Commissioner's reconsideration and for judicial review. A decision or Order may be amended or vacated after rehearing.

(BB) Costs of Hearing: Each party to the hearing shall be required to pay its pro rata share of expenses including the Hearing Officer, transcript and such other incidental costs as may be authorized by the Hearing Officer, the Commissioner or the Mortgage Banking Board, unless waived by the Commissioner.

Section 11. Mortgage Banking Board.)

(A) The Mortgage Banking Board may submit recommendations to the Commissioner in any form which it deems appropriate.

Section 12. Audits.) The Commissioner shall conduct an audit of each licensee or applicant who has an Illinois Residential Foreclosure Rate above the Statewide Maximum Foreclosure Rate, in order to determine whether the Illinois Residential Foreclosure Rate has resulted from practices which deviate from sound and accepted mortgage underwriting practices, including but not limited to credit fraud, appraisal fraud and property inspection fraud. For the purposes of conducting such audit, the Commissioner may:

(A) Require the licensee or applicant to open to the Commissioner any books and records necessary to made a determination required by this section;

(B) Accept materials prepared for the United States Department of Housing and Urban Development, and the Veterans Administration.

(C) Require that the affairs of the licensee or applicant be examined at the direction of the Commissioner and at the expense of the licensee or applicant by a Certified Public Accountant, or by the Commissioner;

(D) Request any other documentation or data from the licensee or applicant which the Commissioner deems relevant in order to make a determination required to be made under this section.

Section 13. Commissioner's Authority with Respect to Unusually High Foreclosure Rate in Particular Area.) The Commissioner may take any action permitted to be taken at Section 12 of this Article XV or at any other section of this Article XV whenever the Commissioner determines that a licensee's or an applicant's foreclosure rate on Government-insured mortgage loans in a particular area, as defined by the Commissioner on a case-by-case basis, is higher than a rate deemed appropriate by the Commissioner in that particular area.

Section 14. Annual Report of Mortgage Activity.) By March 1, 1978 and by March 1 of every year thereafter, each licensee shall file an ANNUAL REPORT OF MORTGAGE ACTIVITY with the Office of the Commissioner of Savings and Loan Associations on the following form, which form must be obtained from the Agency and which must be filed with the Office of the Commissioner of Savings and Loan Associations, 160 North La Salle Street, Chicago IL 60601, in accordance with any instructions for filing included with the form.

The Report shall be executed and verified in the same manner as required for an application made in accordance with Section 4 of this Article XV. Terms included on the ANNUAL REPORT OF MORTGAGE ACTIVITY shall be construed as defined at Section 1 of this Article XV.

[SEE NEXT PAGE FOR COPY OF
"ANNUAL REPORT OF
MORTGAGE ACTIVITY"]

Form 80-676 (PART A)

OFFICE OF THE SAVINGS AND LOAN COMMISSIONER, STATE OF ILLINOIS

160 N. La Salle St.
Chicago IL 60601

ANNUAL REPORT OF MORTGAGE ACTIVITY

Circle one:

APPLICATIONS

DISBURSEMENTS

Reporting Licensee _____ License No. _____

Address _____

[Please read separate instructions carefully.]

All dollar amounts are to be reported to nearest thousand; eliminate 000.

REPORT AS OF DECEMBER 31, 19____

ZIP CODE or CENSUS TRACT NO. (Circle one)	HOME MORTGAGES						CONSTRUCTION LOANS 5 Units & Over						HOME IMPROVEMENT & REHABILITATION LOANS				RESIDENTIAL LOANS SECURED BY 5 UNITS AND OVER	
	Conventional		FHA Insured		VA Guaranteed		Conventional		FHA Insured		VA Guaranteed		Conventional		FHA Insured			
	No.	$	No.	$	No.	$	No.	$	No.	$	No.	$	No.	$	No.	$	No.	$

Form 80-676 (PART B) - OFFICE OF SAVINGS & LOAN COMMISSIONER, STATE OF ILLINOIS

160 N. La Salle St.
Chicago IL 60601

ANNUAL REPORT OF MORTGAGE ACTIVITY

Reporting Licensee _____

License No. _____

REPORT AS OF
DECEMBER 31, 19___

HOME MORTGAGES ORIGINATED AND IN DEFAULT		FORECLOSURE PROCEEDINGS INSTITUTED DURING CALENDAR OF THIS REPORT ON HOME MORTGAGES ORIGINATED		NUMBER OF DAYS BETWEEN DEFAULT AND ACTION TO CLAIM BENEFITS		
Zip Code	Number in Default	Zip Code	Number	Zip Code	Default Date	Benefit Request Date

Section 15. Commissioner's Authority to Issue "No Penalty" Letter.) Upon application by a licensee, whenever, in the discretion of the Commissioner, it appears from information submitted in accordance with this Article XV that a violation of the Act has occurred, but that the nature of the violation considered in light of all information available to the Commissioner is such that a penalty would cause an unfair and undue hardship, the Commissioner may issue an order reciting the violation and indicating that no penalty is being assessed as a sanction for that villation. Such a letter shall include a requirement that the licensee report any substantial change relating to the facts which caused the Commissioner to issue the letter of no penalty. Further, the Commissioner may limit or condition such a letter in any reasonable manner. Each letter issued in accordance with this Section 15 shall be reviewed at lease annually.

Section 16. Public Review of Documents.) Any person desiring to review the ANNUAL REPORT OF MORTGAGE ACTIVITY filed annually by any licensee may appear in person at the Office of the Commissioenr of Savings and Loan Associations, 160 North La Salle Street, Chicago, Illinois during the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday, Except on National and State legal holidays. Copies of licensee's ANNUAL REPORT OF MORTGAGE ACTIVITY will be provided to a person requesting such, upon payment of a fee of Ten Cents (10¢) per page.

Illinois Department of Public Aid - Proposed Adoption of Rules for Medical Vendor Administrative Proceedings

The Illinois Department of Public Aid proposes to adopt Rules for Medical Vendor Administrative Proceedings pursuant to the following provisions of the Illinois Public Aid Code: Illinois Revised Statutes, Chapter 23, Sections 5-9, 12-4.25, 12-4.26, 12-4.27, 12-15 and 12-15.1. The Rules have already been filed on an emergency basis and replace the "Rules of Practice in Administrative Proceedings, Medical Assistance Program Reviews".

These proposed rules implement the above statutes and authorize the Department of Public Aid to terminate or suspend vendors from the Medical Assistance Program and to withhold payments during the pendency of administrative proceedings arising out of the exercise of these powers. The Rules also authorize the Department to deny applications to participate and recover money from vendors. Finally, the Rules contain the grounds on which the exercise of these powers can be based, the manner in which they can be exercised and procedures governing administrative proceedings conducted as a result of the exercise of these powers.

If any interested persons wish to present their views concerning this intended action, they may do so by sending written comments to the attention of: Mr. Jeffrey C. Miller, Deputy Director, Division of Medical Programs, Illinois Department of Public Aid, 316 South Second Street, Springfield, Illinois 62762. The Department will consider all written comments received by the Department within 45 days beginning on the date of publication of this notice.

The text of the proposed Rules is as follows:

RULES FOR MEDICAL VENDOR
ADMINISTRATIVE PROCEEDINGS

4.21 AUTHORITY

These regulations are adopted and issued pursuant to the Department's authority as set out in Chapter 23, Section 12-13, 12-4.25, 12-4.26 and 12-4.27 of the Illinois Revised Statutes.

4.22 APPLICABILITY

These regulations apply to the Medical Assistance Program described and defined in Chapter 23 of the Illinois Revised Statutes.

4.23 VENDOR

For purposes of these Rules, vendor shall mean a person, firm, corporation, association, agency, institution, or other legal entity receiving payment or applying for authorization to receive payment for goods or services to a recipient or recipients.

4.31 RIGHT TO COUNSEL

Any party may appear and be heard at any Formal Conference or Hearing through an attorney at law authorized to practice in the State of Illinois. In any pending Formal Conference or Hearing: (a) attorneys admitted to practice in States other than the State of Illinois may appear; (b) a natural person may appear and be heard on his own behalf; and (c) a corporation or association may appear and present evidence by any bona fide officer, employee or representative. All persons appearing in proceedings before the Department shall conform to the standards of conduct of attorneys before the courts of the State of Illinois. If a person does not conform to such standards, the Department may decline to permit such person to appear in any proceeding or exclude such person.

4.32 APPEARANCE OF ATTORNEY OR OTHER REPRESENTATIVE

Attorneys or other persons appearing in a representative capacity shall file a written notice of appearance identifying themselves by name, address and telephone number, and identifying the party represented.

4.33 FORM OF PAPERS

All papers filed in any proceeding shall be typewritten and double spaced on legal sized white paper using one side of the paper only. They shall bear a caption clearly showing the title of the proceeding in connection with which they are filed together with the docket number, if any.

All papers shall be signed by the party or his authorized representative or attorney and shall contain his address and telephone number. No less than an original and two copies of all papers shall be filed with the Department.

4.34 NOTICE, SERVICE AND PROOF OF SERVICE

(a) The Chief Hearing Officer and all parties to the proceedings shall be served all papers, notices and other documents filed by any party. Proof of such service upon all parties shall be filed with the Department.

(b) Final administrative decisions issued pursuant to these Rules as well as any notice which initiates administrative proceedings pursuant to these Rules and which states that the Department intends to recover money from a vendor, terminate or suspend a vendor's eligibility to participate in the Medical Assistance Program, or deny a vendor's application for participation must be served personally or by certified or registered mail upon the vendor or the vendor's agent appointed to receive service of process.

All other papers, notices and documents may be served personally or by deposit in the United States mail, properly addressed with postage pre-paid, one copy to each party entitled thereto.

When any party or parties have appeared by attorney, service upon the attorney shall be deemed service upon the party or parties.

(c) Proof of service of any paper shall be by certificate of attorney, affidavit or acknowledgment or certified or registered mail return receipt.

(d) Wherever notice or notification is indicated or required, notification shall be effective upon the date of mailing to a vendor's or other party's business address or residence.

(e) In addition to the methods provided for in these rules, a vendor may be served in any manner permitted by law.

4.41 DENIAL OF APPLICATION

The Department may deny an initial application to participate in the Medical Assistance Program if, at any time prior or subsequent to the effective date of these Rules, the vendor has engaged in activities which constitute grounds for termination or suspension under Section 4.61.

The Department may deny an application submitted by a vendor that has been previously terminated, barred or denied participation if (1) at any time prior or subsequent to the effective date of these Rules, such vendor has engaged in activities which constitute grounds for termination or suspension under Section 4.61; (2) such vendor cannot reasonably be expected to meet the written requirements of the Department including those set forth in the Medical Assistance Program Handbooks and the Department's manuals, bulletins and releases; or (3) the Department determines, after reviewing the activities which served as the basis for the earlier termination or barring, that the application should not be approved.

4.42 NOTICE OF DENIAL

If the Department denies an application to participate in the Medical Assistance Program, it shall notify the vendor in writing, setting forth the reasons for the Department's decision, a statement of the right to request a hearing prior to its decision taking effect, a statement of the time, place and nature of the hearing, a statement of the legal authority and jurisdiction under which the hearing is to be held and a reference to the particular Sections of the statutes and rules involved.

4.43 RIGHT TO HEARING

Within 10 days after notice of the Department's decision to deny the application, the vendor may request a hearing. This request must be in writing and must contain a brief statement of the basis upon which the Department's action is being challenged.

If a timely and proper request is not received, or is received but later withdrawn, the Department's decision and the grounds asserted as the basis therefor shall be a final and binding administrative determination.

The sole issue at a hearing where the basis for denial of the application is that the vendor does not have a necessary license, certificate or authorization to provide the goods and services he wishes to provide shall be limited to whether or not the vendor has such a license, certificate or authorization.

4.44 SCOPE OF REVIEW AND EVIDENCE AT HEARING

The scope of review at all hearings requested pursuant to Section 4.43 is whether or not the Department has abused its discretion. Questions of fact relating to issues already resolved at an earlier termination hearing will not be considered.

The vendor may introduce evidence at the Hearing that was not made available to the Department at the time the application was denied. If the Hearing Officer determines that the Department did not abuse its discretion based on the evidence available at the time the application was denied but would have abused its discretion had the additional evidence introduced at the Hearing been available, the Hearing shall be remanded to the Department for a new decision which considers such additional evidence. If the Hearing Officer determines that denial of the application would not have been an abuse of discretion even if such additional evidence had been considered, the recommendation shall be to uphold the Department's decision.

4.51 RECOVERY OF MONEY

The Department may recover money improperly or erroneously paid, or overpayments, either by setoff, crediting against future billings or by requiring direct repayment. These actions may be taken whenever the Department determines that a vendor may have submitted bills in a manner not consistent with Department policy, or if it determines that a vendor may have received payment to which he may not have been properly entitled.

4.52 NOTICE OF INTENT TO RECOVER MONEY

If the Department intends to recover money, it shall notify the vendor in writing, setting forth the reason for the Department's action, a statement of the right to request a hearing prior to recovery, a statement of the time, place and nature of the hearing, a statement of the legal authority and jurisdiction under which the hearing is to be held, and a reference to the particular Sections of the statutes and rules involved.

4.53 RIGHT TO HEARING

Within 10 days after notice of the Department's

intent to recover money, the vendor may request a hearing . This request must be in writing and must contain a brief statement of the basis upon which the Department's action is being challenged.

If a timely and proper request is not received, or is received but later withdrawn, the Department's decision and the grounds asserted as the basis therefor shall be a final and binding administrative determination.

4.54 FORMAL CONFERENCE

Upon receipt of a request for hearing pursuant to Section 4.53, the Department shall schedule a pre-hearing Formal Conference. This Formal Conference shall commence within 30 days of receipt of such a request unless later scheduled with the written consent of all parties.

4.55 NOTICE OF FORMAL CONFERENCE

When the Department schedules a Formal Conference, it shall notify the vendor in writing. The notice shall direct any parties and/or their attorneys to appear at a specified date, time and place.

4.56 PURPOSE OF FORMAL CONFERENCE

The purposes of the Formal Conference shall include, but not be limited to:

(a) clarification, formulation and simplification of issues;

(b) resolution of matters in controversy;

(c) exchange of documents and information;

(d) review of audit findings;

(e) stipulations of fact so as to avoid unnecessary introduction of evidence at the Hearing. Matters which can be readily stipulated at the Formal Conference are:

1. that the Respondent has received all applicable written communications, including the notice of intent to recover money as provided in Section 4.52;

2. all procedural matters, including appearances made by both parties and the Respondent's request for Hearing and answer;

3. a list of witnesses and any evidence to be presented at the Hearing by all parties;

(f) the identification of witnesses;

(g) such other matters as may aid in the simplification of the evidence and disposition of the issues.

4.57 CONTINUANCES AND EXTENSIONS

Any Formal Conference may be scheduled, extended over, or continued to a time outside the 30 day limit with the written consent of all parties.

4.61 TERMINATION

The Department may terminate a vendor's eligibility to participate in the Medical Assistance Program if it determines that, at any time prior or subsequent to the effective date of these Rules:

(a) Such vendor is not complying with the Department's policy or rules and regulations, or with the terms and conditions prescribed by the Department in any vendor agreement developed as a result of negotiations with the vendor category; or with the covenants contained in certifications bearing the vendor's signature on claims submitted to the Department by the vendor;

(b) Such vendor is not properly licensed or qualified, or such vendor's professional license, certificate or other authorization has not been renewed or has been revoked, suspended or otherwise terminated;

(c) Such vendor has failed to keep or make available for inspection, audit or copying (including photocopying), after receiving a written request from the Department, (1) such records as are required to be maintained by the Department or as are necessary to fully

disclose the extent of the services or supplies provided; or (2) such records as are required to be maintained by the Department regarding payments claimed for providing services. This section does not require vendors to make available medical records of patients for whom services are not reimbursed under the Illinois Public Aid Code;

(d) Such vendor has failed to furnish any information requested by the Department regarding payments for providing goods or services, or has failed to furnish all information required by the Department in connection with the rendering of services or supplies to recipients of public assistance by the vendor, his agent, employer or employee;

(e) Such vendor has knowingly made, or caused to be made, any false statement or representation of a material fact in connection with the administration of the program, For purposes of this section, "knowingly" shall include statements or representations made with actual knowledge that they were false as well as those statements made when the individual making the statement had knowledge of such facts or information as would cause a reasonable person under the circumstances to be aware that the statements or representations were false when made;

(f) Such vendor has submitted a claim for services or supplies which were not rendered or delivered;

(g) Such vendor has furnished goods or services to a recipient which are (1) in excess of his or her needs, (2) harmful to the recipient, or (3) of grossly inferior quality, all of such determinations to be based upon competent medical judgment and evaluations;

(h) Such vendor, a person with management responsibility for a vendor; an officer or person owning (directly or indirectly) 5% or more of the shares of stock or other evidences of ownership in a corporate

vendor; an owner of a sole proprietorship which is a vendor; or a partner in a partnership which is a vendor, either

(1) was previously terminated from participation in the Medical Assistance Program; or

(2) was a person with management responsibility for a previously terminated vendor during the time of conduct which was the basis for that vendor's termination from participation in the Medical Assistance Program; or

(3) was an officer, or person owning (directly or indirectly) 5% or more of the shares of stock or other evidences of ownership in a previously terminated corporate vendor during the time of conduct which was the basis for that vendor's termination from participation in the medical assistance program; or

(4) was an owner of a sole proprietorship or partner of a partnership which was previously terminated during the time of conduct which was the basis for that vendor's termination from participation in the Medical Assistance Program;

(i) Such vendor, a person with management responsibility for a vendor; an officer or person owning (directly or indirectly) 5% or more of the shares of the stock or other evidences of ownership in a corporate vendor; an owner of a sole proprietorship which is a vendor, or a partner in a partnership which is a vendor, either:

(1) has engaged in practices prohibited by applicable Federal or State law or regulation; or

(2) was a person with management responsibilit for a vendor at the time that such vendor engaged in practices prohibited by applicable federal or State law or regulation; or

(3) was an officer, or person owning (directly or in directly) 5% or more of the shares of stock or other evidences of ownership in a corporate vendor at the time such vendor engaged in practices prohibited by applicable federal or State law or regulation; or

(4) was an owner of a sole proprietorship or partner of a partnership which was a vendor at the time such vendor engaged in practices prohibited by applicable federal or State law or regulation.

For purposes of this subsection, "applicable federal or State law or regulation" shall include licensing or certification standards contained in State or Federal law or regulations governing the Medical Assistance Program, any other licensing standards as they relate to the vendor's practice or business or any Federal or state laws or regula tions governing the Medical Assistance Program.

For purposes of this Section conviction or a plea of guilty to activities violative of applicable Federal or State law or regulation shall be conclusive proof that such activities were engaged in.

(j) Conviction in this or any other State of any crime not related to the Medical Assistance Program which is a felony under the laws of that State, or conviction in a federal court of any crime not related to the Medical Asistance Program which is a felony, if the Department determines after investigation, that the vendor's continued participation would not be in the public interest.

4.62 NOTICE OF INTENT TO TERMINATE

If the Department intends to terminate a vendor's eligibility, it shall notify the vendor in writing setting forth the reason for the Department's action, a statement of the right to request a hearing prior to termination taking effect, a statement of the time, place and nature of the

hearing, a statement of the legal authority and jurisdiction under which the hearing is to be held, and a reference to the particular Sections of the statutes and rules involved. The notice shall also inform the vendor, where applicable, that the final administrative decision of the Department could result in suspension for a specific period of time as well as termination.

4.63 RIGHT TO HEARING

Within 10 days after notice of the Department's intent to terminate a vendor's eligibility the vendor may request a hearing. This request must be in writing and must contain a brief statement of the basis upon which the Department's action is being challenged.

If a timely and proper request is not received or is received but later withdrawn, or if the vendor voluntarily terminates his status after receipt of a notice pursuant to Section 4.62, the Department's decision and the grounds asserted as the basis therefor shall be a final and binding administrative determination.

The sole issue at a hearing where the basis for termination is as set forth in Section 4.61(b) shall be limited to whether or not the vendor is properly licensed or qualified.

The sole issue at a hearing requested by a previously suspended vendor that is being terminated pursuant to Section 4.67 is whether or not the vendor has corrected the deficiencies on which the suspension was based.

4.64 SUSPENSION

The final administrative decision issued in proceedings initiated pursuant to Section 4.61 may result in suspension for a specific time rather than termination only if:

(a) the Department's action is based exclusively on Sections 4.61(a), 4.61(c), 4.61(d), 4.61(e), 4.61(f), or 4.61(h); and

(b) the Department determines that:

(1) the seriousness or extent of the

violations warrants suspension and not termination; and

(2) the vendor had no prior history of violations of the Medical Assistance Program; and

(3) the lesser sanction of suspension will be sufficient to remedy the problem created by the vendor's violations.

The final administrative decision issued in proceedings initiated pursuant to Section 4.61 may also result in suspension for a specific time rather than termination if:

(a) the Department's action is based exclusively on Section 4.61(b); and

(b) the formal notification received by the Department from the appropriate licensing, certifying or authorizing agency indicates that the vendor may be reinstated or obtain the necessary authorization in less than one year.

The final administrative decision issued in proceedings initiated pursuant to Section 4.61 may also result in suspension for a specific time rather than termination if:

(a) the Department's action is based exclusively on Section 4.61(g); and

(b) the Department's action is based in whole or in part on a report, opinion or recommendation of a committee consisting of the vendor's professional peers and the committee has recommended suspension and not termination.

4.65 WITHHOLDING OF PAYMENTS DURING PENDENCY OF PROCEEDING

Payments on pending and subsequently submitted bills may be withheld during the pendency of the administrative proceeding, except that if a final administrative decision has not been issued within 120 days of service of the notice of intent to terminate, unless delay has been caused by the vendor, payments can no longer be withheld. This 120 day limit may be extended if said extension is mutually agreed to by the Department and the vendor. If delay has been caused by the vendor, the 120 day limit will be extended by the number of days the vendor has caused the proceeding to be delayed. Whenever a request by the vendor or his authorized representative to continue or reschedule a hearing results in a hearing session being held subsequent to the date originally set by the Department for such hearing session, such request shall constitute a delay caused by the vendor equal to the number of days between the new hearing date and the date originally scheduled.

If the vendor is terminated as a result of final agency action, payments or credit for any services rendered subsequent to receipt of the notice of intent to terminate shall be denied. The vendor will receive credit for services rendered prior to receipt of the notice of intent to terminate.

4.66 EFFECT OF TERMINATION ON INDIVIDUALS ASSOCIATED WITH VENDOR

Upon termination of a vendor of goods or services from participation in the Medical Assistance Program, a person with management responsibility for such vendor during the time of any conduct which served as the basis for that vendor's termination is barred from participation in the Medical Assistance Program.

Upon termination of a corporate vendor, the officers and persons owning, directly or indirectly, 5% or more of the shares of stock or other evidences of ownership in the vendor during the time of any conduct which served as the basis for that vendor's termination are barred from participation in the Medical Assistance Program.

Upon termination of a sole proprietorship or partnership, the owner or partners during the time of any conduct which served as the basis for that vendor's termination are barred from participation in the Medical Assistance Program.

4.67 APPLICATION FOR REINSTATEMENT SUBSEQUENT TO TERMINATION, SUSPENSION OR BARRING

A vendor that has been terminated from the Medical Assistance Program may not apply for reinstatement for at least one year from the date of the final administrative decision terminating eligibility.

At the end of a period of suspension, a vendor that has been suspended from the Medical Assistance Program shall be reinstated automatically upon completion of the necessary enrollment forms and execution of a new vendor agreement unless it is determined that such vendor has not corrected the deficiencies upon which the suspension was based. If the deficiencies have not been corrected, the vendor shall, after notice and hearing, be terminated.

An individual barred pursuant to Section 4.66 can apply for reinstatement in the Medical Assistance Program.

4.71 HEARING

Hearings conducted pursuant to Sections 4.43 or 4.63 shall be scheduled within 30 days of service of the notice served under Sections 4.42 or 4.62. Hearings conducted pursuant to Section 4.53 shall be scheduled within 30 days of the completion of the Formal Conference sessions. Any hearing may be scheduled, extended over, or continued to a time outside the 30 day limit with the written consent of all parties. If the vendor without good cause, fails to appear at a hearing or formal conference scheduled by the Department, the Department's action or decision and the grounds asserted as the basis therefor shall be a final and binding administrative determination. If the Department fails, without good cause, to appear at such hearing, the Department's action shall be dismissed.

4.72 NOTICE OF HEARING

When the Department schedules a Hearing, it shall notify the parties and/or their attorneys in

writing to appear and specify a date, time and place.

4.73 CONDUCT OF HEARING

The Hearing shall be conducted by an attorney designated by the Director as a Hearing Officer. The Hearing shall be open to such persons as the Hearing Officer deems necessary and proper for its orderly and efficient conduct. The Hearing Officer shall inquire fully into the matters at issue and shall receive testimony of witnesses and any other evidence which is relevant and material to the issues presented. The order in which evidence is taken and the procedure at the Hearing shall be in the Hearing Officer's discretion.

4.74 MOTIONS

Motions and all arguments and authorities presented in support thereof shall be written and filed in accordance with these rules. Any responses shall be similarly written and filed within five working days of receipt of the subject motion. A Hearing Officer may allow oral motions and responses on emergency or purely procedural questions, or in the course of a hearing, or for good cause shown. Motions need not be ruled upon indepen dently but may be considered only as a part of the Recommended Decision prepared pursuant to Section 4.81.

4.75 SUBPOENAS

Any request that a Department subpoena issue on behalf of a party to a hearing shall be made in writing to the designated Hearing Officer, or if none has been designated, to the Chief Hearing Officer. A subpoena shall be granted only upon:

(a) a showing of relevancy and reasonable scope; and

(b) a showing that unless the subpoena is issued the party will be unable to produce evidence requested by the subpoena; and

(c) a showing that the evidence requested by the subpoena is not unduly repetitious; and

(d) a showing that there is not alternative evidence available to establish the matters which the subpoenaed evidence is intended to establish.

4.76 EVIDENCE AT HEARING

(a) The initial burden of proof in hearings conducted pursuant to Section 4.43 shall be on the Department if the application was denied because the vendor has engaged in activities which constitute grounds for termination. The initial burden of proof shall be on the applicant if the application was denied because of:

(1) a determination that a previously terminated or barred vendor cannot reasonably be expected o meet the requirements of the Department;

(2) a determination that based on the activities which served as the basis for terminating or barring a vendor, the application should not be approved;

The initial burden of proof in hearings conducted pursuant to Section 4.53 shall be on the Department.

The initial burden of proof in hearings conducted pursuant to Section 4.63 shall be on the Department unless the Department is proceeding based on a determination that a previously suspended vendor has not corrected the deficiencies on which the suspension was based.

In the case of any new matter introduced in connection with any affirmative defense, the initial burden of proof with respect thereto shall be upon the party which alleges such new matter.

The standard of proof with respect to all hearings conducted pursuant to these Rules shall be a preponderance of the evidence.

(b) Irrelevant, immaterial or unduly repetitious evidence shall be excluded. The rules of evidence and privilege as applied in civil cases in the Circuit Courts of this State shall be followed. However, evidence not admissible under such rules of evidence may be admitted if it is of the type commonly relied upon by reasonably prudent men in the conduct of their affairs. When the admissibility

of evidence is in dispute and depends upon fairly arguable interpretations of law, such evidence shall be admitted. Objections to evidentiary offers may be made and shall be noted in the record. Subject to these requirements, when a hearing will be expedited and the interests of the parties will not be prejudiced, any part of the evidence may be received in written form. Any party may submit evidence in rebuttal or surrebuttal.

(c) Subject to the evidentiary requirements of these rules, a party may conduct cross-examination required for a full and fair disclosure of the facts. If the Hearing Officer presiding determines that a witness is hostile or unresponsive, he may authorize the examination by the party calling such witness as if under cross-examination. Any party may call any adverse party as a witness and proceed to examine such adverse party as if under cross-examination except that the vendor may only call as an adverse witness those representatives of the Department directly involved in the audit or investigation which served as the basis for the Department's action under these Rules. Any party calling a witness, upon a showing that he called the witness in good faith and is surprised by his testimony, may impeach that witness by evidence of prior inconsistent statements.

(d) Official notice may be taken of matters of which the Circuit Courts of this State may take judicial notice. In addition, official notice may be taken of matters in prior administrative hearings within and without the Agency (including findings and evidence relating to the vendor made in hearings initiated prior to the effective date of these Rules), of generally recognized technical or scientific facts within the Agency's specialized knowledge and of generally recognized technical, scientific or customary and ordinary procedures and operation without the Agency. Computer generated documents prepared by the Department shall be presumed to constitute an accurate reflection of the Department's records as to the amount and type of payment made to the vendor as well as the basis for such payment. Parties shall be notified either before or during a hearing, or by reference in preliminary reports, or otherwise, of the material noticed, including any staff memoranda or data to be offered as evidentiary matter during the course of the hearing, and they shall be

afforded an opportunity to contest the material so noticed. Testimony of the agency's experience, technical competence and specialized knowledge may be utilized in the evaluation of the evidence.

(e) Summaries of voluminous documents may be admitted into evidence. The document summarized need not itself be admitted into evidence. Copies of the document need not be provided so long as all parties are accorded a reasonable opportunity to inspect the document summarized, and no substantial injustice results.

(f) Whenever an action or decision by the Department pursuant to Sections 4.41, 4.51, or 4.61 is based in whole or in part on a report, opinion or recommendation of a committee consisting of the vendor's professional peers, a transcript of the vendor's appearance before a committee of his peers may be considered and introduced into evidence at the Hearing. In addition to or in lieu of the transcript a member of the committee may testify as to the reports, opinions and recommendations of the Committee. The vendor may introduce any evidence which is relevant and material to the reports, opinions, or recommendations of the Committee.

4.77 WITNESSES AT HEARING

The Hearing Officer may administer oaths to witnesses. Both the Hearing Officer and the parties or their representatives may examine witnesses. A party may conduct examination and cross-examination which is shown to be necessary to a full and fair disclosure of facts bearing upon matters in issue, provided that such examination or cross examination does not abuse or harass a witness.

4.78 AMENDMENTS

At any time before completion of the Hearing, amendments may be allowed on just and reasonable terms to introduce any party who ought to have been joined, to dismiss any party, or to delete, modify, or add allegations or defenses.

4.79 RECORD OF HEARING

A complete record of the proceedings at all reviews shall be made, which shall include:

a. all pleadings (including all notices and responses thereto, motions, and rulings;

b. evidence received;

c. a statement of matters officially noticed;

d. offers of proof, objections and rulings thereon;

e. proposed findings and exceptions;

f. any decision, opinion or report by the hearing examiner;

g. all staff memoranda or data submitted to the Hearing Officer or members of the agency in connection with their consideration of the case; and

h. any exparte communication prohibited by Section 15 of the Illinois Administrative Procedures Act (Ill. Rev. Stat. Ch. 127, Par. 1015), but such communications shall not form the basis for any findings of fact.

The record will be reproduced at the request of any party to the review who bears the cost thereof.

4.80 CONTINUANCES AND EXTENSIONS

A party may not be granted more than one continuance by the Hearing Officer except for good cause shown.

4.81 RECOMMENDED DECISION

As soon as practicable after the close of a Hearing, the Hearing Officer shall make a determination in the case which shall be based upon the evidence adduced at the Hearing or otherwise included in the record. The determination shall be made in writing and contain: findings of fact and statement of reasons. The determination of the Hearing Officer shall be a recommended decision for the Director's review.

The Hearing Officer shall send a copy of each recommendation to the Respondent or his counsel, and to the Department's counsel. Both respondent and the Department's counsel may file written

exceptions and a written brief to the Director within 10 days of receipt.

4.82 DIRECTOR'S DECISION

The Director shall make a final decision in each case. The decision shall be in writing and contain findings of fact, statement of reasons, and conclusions of law. A copy of the decision shall be served on each party at his last address on file with the Department.

4.83 PRIOR FACTUAL DETERMINATIONS

Factual determinations made by the Department in administrative hearings initiated prior to the effective date of these Rules and which involve issues of fact relating to activities which constitute grounds for termination pursuant to these Rules, shall be reviewed by the Director and may be used as grounds for approval or denial of applications, to participate for termination of eligibility or for recovery of money, without conducting a new administrative proceeding.

4.91 CONSTRUCTION OF RULES

These Rules shall not be construed to abrogate, modify or limit any rights, privileges or immunities granted or protected by the Constitution or laws of the United States or the Constitution or laws of the State of Illinois.

No article, Section, or subparagraph headings contained herein shall be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of any Article, Section, or sub-paragraph.

4.92 SEVERABILITY

If any Section, subdivision, sentence or clause of these Rules shall be held by a court of competent jurisdiction to be invalid, such holdings shall not affect the remaining parts thereof.

4.93 REPEAL OF PRIOR RULES

These Rules shall become effective immediately upon filing a certified copy thereof with the Secretary of State of the State of Illinois as provided by the statutes of the State of Illinois in such case made and provided, and shall supersede all other rules and regulations covering subject matter embraced in these rules.

NOTICE BY THE ILLINOIS POLLUTION CONTROL BOARD

OF THE PROPOSED AMENDMENT OF THE NOISE

POLLUTION REGULATIONS AS THEY

PERTAIN TO MOTOR RACING

NOTICE

PLEASE TAKE NOTICE THAT pursuant to Section 5(b), Section 25 and Sections 27-28 of "The Environmental Protection Act," Illinois Revised Statutes, Chapter 111-1/2, §§1001 et seq. (1977) the Pollution Control Board has proposed to amend the Noise Pollution Regulations, Chapter 8 of the Pollution Control Board Rules and Regulations, as they pertain to noise emitted from motor racing facilities in Illinois. The proposed regulations have been docketed PCB R75-11, Motor Racing Noise.

DESCRIPTION OF THE SUBJECT
MATTER AND ISSUES INVOLVED

The proposed Motor Racing Noise Regulations, the full text of which is set forth hereafter, amend the current Noise Pollution Regulations in the following manner:

1. Motor racing facilities are exempted from the property line noise limitations of Rules 202 through 207 of the Noise Pollution Regulations between the hours of 7:00 a.m. and 10:30 p.m.;

2. Vehicles racing at oval racing and drag racing facilities must be equipped with mufflers by specified dates, beginning with March 15, 1979, and must achieve certain decibel reductions by specified dates;

3. Motorcycles competing at motorcycle, drag and oval racing facilities must be equipped with mufflers and must meet 115 decibels on the A-weighted scale (dB(A)) measured at 50 feet from the rearmost exhaust outlet by March 15, 1979;

4. Sports car racing vehicles racing at sports car facilities must be equipped with mufflers and must meet 105 dB(A) measured at 50 feet from the lane of travel by March 15, 1979;

5. Certain vehicles, such as supercharged, sprint and midget racing vehicles, are exempted from the muffler requirements; and

6. The proposed regulations incorporate exceptions for three special motor racing events per facility per year, racing events held during county or state fairs, facilities for which there are no residential dwelling units within two miles, facilities whose sound emissions do not exceed the background sound level by more than 7 dB(A) at any residential dwelling unit, and facilities whose sound emissions comply with the octave band sound pressure levels specified in Part II of Chapter 8.

The original proposal was filed before the Board by the Illinois Environmental Protection Agency on August 11, 1975. The Agency submitted revisions to its proposal on June 9, 1976.

The Pollution Control Board held eight public hearings throughout the State and received 1,062 pages of testimony as well as 73 documentary exhibits. The principal issues covered at hearings were:

1. The level of noise emitted from motor racing facilities and the degree to which the noise is an important part of the sport;

2. The availability to motor racing facility operators of noise reduction techniques;

3. The technical feasibility of muffling motorcycle, sports car, oval and drag racing vehicles and of achieving specific decibel reductions;

4. The hour at which motor racing activities should cease in order to protect the public from sleep interference while allowing motor racing facility operators to finish their highlighted events;

5. A determination of the costs and benefits of the proposed regulations and a balancing of the two to determine the economic impact.

The last of those issues was the subject of special, separate hearings, held pursuant to P.A. 79-790, amending the Environmental Protection Act, Ill.Rev.Stat., Ch. 111-1/2, §§1001 et seq. (1977).

TIME, PLACE AND MANNER IN WHICH ALL INTERESTED PERSONS MAY PRESENT THEIR VIEWS CONCERNING THE PROPOSED MOTOR RACING NOISE REGULATIONS

All interested persons are invited to submit their views concerning the proposed action by filing written comments with the Clerk of the Board at the following address:

ILLINOIS POLLUTION CONTROL BOARD
309 W. Washington Street
Room 300
Chicago, Illinois 60606

Comments may be filed either in person or by mail. A draft Opinion detailing the Board's reasoning in proposing adoption of these regulations is available at the Board's Office. All comments, Motions or other documents should be filed within 45 days of the date of publication of this issue of the Illinois Register. The Board's Offices are open from 8:30 a.m. to 5:00 p.m., except for weekends and State holidays.

COMPLETE TEXT OF THE PROPOSED AMENDMENTS TO POLLUTION CONTROL BOARD NOISE POLLUTION REGULATIONS AS THEY PERTAIN TO MOTOR RACING NOISE FOLLOWS HEREAFTER:

PROPOSED AMENDMENTS TO POLLUTION CONTROL BOARD NOISE POLLUTION REGULATIONS AS THEY PERTAIN TO MOTOR RACING NOISE

Amend Rule 103 by adding the following:

(d) Procedures Applicable only to Part 5 of Chapter 8

1. Measurement procedures for Part 5 shall be in substantial conformity with ANSI S1.4-1971--Type 1 Precision or Type 2 General Purpose and ANSI S1.13-1971 Field Method.

2. The Agency may provide for measuring sound emissions at distances other than 50 feet specified in Rule 514 of Part 5, provided that correction factors are applied so that the sound levels so determined are substantially equivalent to those measured at 50 feet.

Amend Rule 201(b) to read:

(b) Class B Land

Class B land shall include all land used as specified by SLUCM Codes 397, 471 through 479 inclusive, 511 through 599 inclusive, 611 through 649 inclusive, 652 through 673 inclusive, 675, 692, 699, 7124, 7129, 719, 721, 722 except 7223 ~~used for automobile and motorcycle racing~~, 723 through 761 inclusive except 7311 ~~used for automobiles and motorcycle racing~~, 769 through 790 inclusive, and 922.

Amend Rule 208(a) to read:

(a) Rules 202 through 207 inclusive shall not apply to sound emitted from land used as specified by SLUCM Codes 110, 140, 190, 691, 7311 ~~except as used for automobile and motorcycle racing~~, and 742 except 7424 and 7425.

Amend Rule 208 by adding the following:

(f) Rules 202 through 207 inclusive shall not apply to sound emitted from land used as specified by SLUCM Codes 7223

and 7311 when used for automobile and motorcycle racing; and, any land used for contests, rallies, time trials, test runs or similar operations of any self-propelled device, and upon or by which any person or property is or may be transported or drawn, when such self-propelled device is actually being used for sport or recreation and is actually participating in an activity or event organized, regulated, and supervised under the sponsorship and sanction of a club, organization or corporation having national or statewide recognition; PROVIDED, however, that the exceptions granted in this Rule 208(f) shall not apply to automobile and motorcycle racing, contests, rallies, time trials, test runs or similar operations of any self-propelled device if such activity is conducted between the hours of 10:30 p.m. to 7:00 a.m., local time.

Amend Rule 101 by adding the following definitions:

AHRA: American Hot Rod Association or its successor body.

Background Sound Level: The A-weighted sound level, measured in accordance with the procedures specified in Rule 103, which is exceeded 90 percent of the time during the period of observation, during which sounds from motor racing facilities are inaudible. The period of observation need not necessarily be contiguous; however, the period of observation must be at least of 10 minutes duration.

Drag racing: Any acceleration contest between two racing vehicles racing from a standing start over a precisely measured, straight line course.

Drag racing facility: Any motor racing facility upon which is conducted drag racing.

Drag racing vehicle: Any racing vehicle which is participating in a drag race at a drag racing facility.

Existing motor racing facility Any motor racing facility, the construction of which commenced prior to the effective date of this Part.

IHRA: International Hot Rod Association or its successor body.

Midget Racing Vehicle: A front engine, single seat, open-wheel racing car smaller and of lesser engine displacement

than standard cars of the type.

Motor racing facility: Any facility or course upon which is conducted motor racing activities or events.

Motorcycle racing: Any racing event between two or more motorcycles.

Motorcycle racing facility: Any motor racing facility upon which is conducted motorcycle racing, except oval racing facilities or drag racing facilities.

NHRA: National Hot Rod Association or its successor body.

New motor racing facility: Any motor racing facility, the construction of which commenced on or after the effective date of this Part.

Oval racing: Any contest between two or more racing vehicles on a closed or oval racing surface.

Oval racing facility: Any motor racing facility, upon which is conducted oval racing.

Oval racing vehicle: Any racing vehicle which is participating in an oval race at an oval racing facility.

Racing vehicle: Every self-propelled device, in, upon or by which any person may be transported and which is participating in a motor racing activity or event at a motor racing facility.

Residential dwelling unit: All land used as specified by SLUCM Codes 110 through 190 and those portions of land used as specified by SLUCM Code 6741 used for sleeping.

Special-motor-racing-event: Any motor racing event held on two consecutive days or less in which a substantial number of out-of-state motor racing vehicles are competing and which has been designated as such a special-motor-racing-event by the owner or operator of the motor racing facility.

Sports car: Any automobile which meets the requirements and specifications of the General Competition Rules of the Sports Car Club of America, or its successor body, or any other sports car organization.

Sports car racing: Any competitive event involving one or more sports cars.

Sports car racing facility: Any motor racing facility upon which is conducted sports car racing.

Sports car racing vehicles: Any racing vehicle which is participating in a sports car race at a sports car racing facility.

Sprint racing vehicle: A front-engined open wheel racing car used especially on short dirt tracks.

Supercharged racing vehicle: A racing vehicle equipped with a blower or compressor for increasing the volume air charge of an internal combustion engine over that which would be drawn in through the pumping action of the pistons.

Add the following new Part 5 to Chapter 8:

PART 5: RULES AND REGULATIONS FOR THE CONTROL OF NOISE FROM MOTOR RACING FACILITIES

Rule 501: Motor Racing Facilities--Operational Procedures

The owner or operator of a motor racing facility shall reduce noise emissions from the public address system by using noise abatement methods and operational changes--for example, by reducing the volume of the loudspeaker system, by increasing the number of speakers so that the volume of individual speakers can be further reduced, and by relocating and redirecting the speakers away from residential property.

Rule 502: Motor Racing Facilities--Racing Vehicles without Mufflers

No person shall cause or allow the use or operation of any motor racing vehicle that does not require a muffler in accordance with this Part in any motor racing event started after 10:30 p.m. local time on any particular day.

Rule 503: Drag Racing Facilities--Muffler Requirements

(a) No person shall cause or allow the use or operation of any drag racing vehicle equipped with a normally aspirated gasoline burning engine at a drag racing facility unless such

drag racing vehicle is equipped with a well-maintained and properly installed muffler. Except for any motorcycle used as a drag racing vehicle, all mufflers required in accordance with this Rule 503(a) shall meet the requirements specified in Rule 503(b) of this Part.

(b) Except for any motorcycle used as a drag racing vehicle, all mufflers required in accordance with Rule 503(a) of this Part shall have noise reducing characteristics which will produce a reduction in total vehicle noise of at least the amount listed in Table 1 when such drag racing vehicle is operated in a manner simulating wide-open throttle competition. Such noise reduction shall be determined by using measurement procedures specified in Rule 103 of this Chapter.

Table 1. Total Vehicle Noise Reduction Requirements for Mufflers Installed on Drag Racing Vehicles (Except Motorcycles) During Wide-open Throttle Acceleration Run

Type of Drag Racing Vehicle	Date	Total Vehicle Noise Reduction, dB
Group A	On and after March 15, 1979	Muffler only
Group A	On and after March 15, 1980	10 dB
Group A	On and after March 15, 1983	14 dB
Group B	On and after March 15, 1980	Muffler only
Group B	On and after March 15, 1981	10 dB
Group B	On and after March 15, 1983	14 dB
Group C	On and after March 15, 1981	Muffler only
Group C	On and after March 15, 1982	10 dB
Group C	On and after March 15, 1983	14 dB

Notes: 1) Group A includes all drag racing vehicles in the NHRA classes of ET Bracket, Stock and Super Stock; the IHRA classes of ET Bracket, Stock and Super Stock; the AHRA classes of Selectra, Stock, Super Street and Super Stock; and all other similar drag racing vehicles.

2) Group B includes all drag racing vehicles in the NHRA class of Modified; the IHRA class of Super Modified; the AHRA class of Modified/Street; and all other similar drag racing vehicles.

3) Group C includes all drag racing vehicles in the NHRA classes of Competition and Pro Stock; the IHRA classes of

Super Comp and Pro Stock; the AHRA classes of Top Competition and Pro Stock; and all other similar drag racing vehicles.

Rule 504: Drag Racing Facilities--Sound Level Measurement Requirement

(a) The sound emissions from each drag racing vehicle required to have a muffler in accordance with Rule 503 of this Part must be measured before competing in terms of A-weighted sound levels using sound level meters in conformance with ANSI Standards S1.4 Type 1 or Type 2 requirements and using procedures specified in Rule 103 of this Chapter. All sound level measurements must be made with the microphone one-half meter from the exhaust outlet with the engine gear-box in neutral at an engine speed of 4000 rpm. It shall be the responsibility of the drag racing facility's owners or operators, or designated agent, to measure and record the required sound level data. Upon reasonable request, the owner or operator shall make such recorded sound level data available to the Agency. The owner and operator must keep such recorded sound level data for the duration of the racing season.

(b) The Agency shall publish techniques for determining compliance with Rule 503 under static test conditions.

(c) On and after March 15, 1979, before any motorcycle racing vehicle required to have a muffler in accordance with Rule 503 of this Part competes at a drag racing facility, the noise emissions from such motorcycle racing vehicle must be measured in terms of A-weighted sound levels using sound level meters in conformance with ANSI Standards S1.4 Type 1 or Type 2 requirements and using procedures specified in Rule 103 of this Chapter. The microphone shall be located one-half meter from and in the horizontal plane of the rearmost exhaust outlet at an angle of 45 degrees behind the exhaust outlet and from the normal line of travel of the motorcycle. The engine shall be run with the gear-box in neutral at an engine speed equal to one-half of the manufacturer's-recommended-maximum-engine-speed. If no manufacturer's-recommended-maximum-engine-speed is published for a particular motorcycle, then an engine speed equal to 60 percent of the engine speed at which maximum horsepower is developed shall be used. If no manufacturer's-

recommended-maximum-engine-speed is published, then the engine speed during the sound level measurement shall be calculated from either of the following formulae:

$$\text{Engine Speed} = \frac{306{,}000}{\text{stroke in millimeters}}$$

OR

$$\text{Engine Speed} = \frac{12{,}000}{\text{stroke in inches}}$$

Rule 505: Drag Racing Facilities--Sound Emission Limits

On and after March 15, 1979, no person shall cause or allow the use or operation of any motorcycle racing vehicle required to have a muffler in accordance with Rule 503 of this Part whose sound emissions exceed 115 db(A) when measured in accordance with Rule 504 of this Part and when measured one-half meter from the rearmost exhaust outlet.

Rule 506: Oval Racing Facilities--Muffler Requirements

(a) Except as provided in Rule 506(b) of this Part, no person shall cause or allow the use or operation of any oval racing vehicle at an oval racing facility unless such oval racing vehicle is equipped with a well-maintained and properly installed muffler. Except for any motorcycle used as an oval racing vehicle, all mufflers required in accordance with this Rule 506(a) shall meet the requirements specified in Rule 506 (c) of this Part.

(b) The following oval racing vehicles shall not require a muffler in accordance with Rule 506(a) of this Part:

1. Sprint racing vehicles;
2. Midget racing vehicles;
3. Supercharged oval racing vehicles.

(c) Except for any motorcycle used as an oval racing vehicle, all mufflers required in accordance with Rules 507(a) of this Part shall have noise reducing characteristics which will produce a reduction in total vehicle noise of at least the amount listed in Table 2 when such oval racing vehicle is operated in a manner simulating wide-open throttle competition. Such noise

reduction shall be determined by using measurement procedures specified in Rule 103 of this Chapter.

Table 2. Wide-open Throttle Noise Reduction Requirements for Mufflers installed on Oval Racing Vehicles (Except Motorcycles)

Date	Muffler Noise Reduction Requirement, dB
On and after March 15, 1979	Muffler only
On and after March 15, 1980	10 dB
On and after March 15, 1982	16 dB

Rule 507: Oval Racing Facilities--Sound Level Measurement Requirements

(a) The requirements for measuring noise emissions from oval racing vehicles, other than motorcycles used as oval racing vehicles, shall be identical to those specified under Rule 504(a) of this Part for drag racing vehicles.

(b) The Agency shall publish techniques for determining compliance with Rule 506 under static test conditions.

(c) The requirements for measuring noise emissions from motorcycle racing vehicles competing at oval racing facilities shall be identical to those specified under Rule 504(c) for motorcycle racing vehicles competing at drag racing facilities.

Rule 508: Oval Racing Facilities--Sound Emission Limits

No person shall cause or allow the use or operation of any motorcycle racing vehicle required to have a muffler in accordance with Rule 506 of this Part whose sound emissions exceed 115 dB(A) when measured in accordance with Rule 507 of this Part and when measured one-half meter from the rearmost exhaust outlet.

Rule 509: Sports Car Racing Facilities--Muffler Requirements

(a) Except as provided in Rule 509(b) of this Part, on and after March 15, 1979, no person shall cause or allow the use or operation of any sports car racing vehicle competing at a sports car racing facility unless such sports car racing

vehicle is equipped with a well-maintained and properly installed muffler.

(b) The following sports car racing vehicles shall not require a muffler in accordance with Rule 509(a) of this Part:

All sports car racing vehicles which are supercharged.

Rule 510: Sports Car Racing Facilities--Sound Level Measurement Requirements

During all qualifying runs, noise emissions from each sports car racing vehicle required to have a muffler in accordance with Rule 509 of this Part, must be measured in terms of A-weighted sound levels using sound level meters in conformance with ANSI Standards S1.4 Type 1 or Type 2 requirements and using procedures specified in Rule 103 of this Chapter. All measurements must consistently be made at the same measurement site; provided, however, that such measurement site can be changed if necessitated by good faith circumstances making the use of the first measurement site impossible or impractical. It shall be the responsibility of the sports car racing facility's owners or operators, or designated agent, to measure and record the required sound level data. Upon reasonable request, the owner or operator shall make such recorded sound level data available to the Agency. The owner and operator must keep such recorded sound level data for the duration of the racing season.

Rule 511: Sports Car Racing Facilities--Sound Emission Limits

No person shall cause or allow the use or operation of any sports car racing vehicle required to have a muffler in accordance with Rule 509 of this Part whose sound emissions while accelerating, as measured in accordance with Rule 510, exceed 105 dB(A) when measured 50 feet from the center of the lane of travel of such sports car racing vehicle while accelerating on the track.

Rule 512: Motorcycle Racing Facilities--Muffler Requirements

(a) Except as provided in Rule 512(b) of this Part, on and after March 15, 1979, no person shall cause or allow the use or operation of any motorcycle racing vehicle competing at a motorcycle racing facility unless such motorcycle racing vehicle is equipped with a well-maintained and properly installed muffler.

(b) The following motorcycle racing vehicles shall not require a muffler in accordance with Rule 512(a) of this Part:

Supercharged motorcycle racing vehicles.

Rule 513: Motorcycle Racing Facilities--Sound Level Measurement Requirements

The requirements for measuring noise emissions from motorcycle racing vehicles competing at motorcycle racing facilities shall be identical to those specified under Rule 504(c) for motorcycle racing vehicles competing at drag racing facilities.

Rule 514: Motorcycle Racing Facilities--Sound Emission Limits

No person shall cause or allow the use or operation of any motorcycle racing vehicle required to have a muffler in accordance with Rule 512 of this Part whose sound emissions exceed 115 db(A) when measured in accordance with Rule 513 of this Part and when measured one-half meter from the rearmost exhaust outlet.

Rule 515: Exceptions

(a) Rules 503 through 514 shall not apply to any special-motor-racing-events, provided that not more than three special-motor-racing-events are conducted at any motor racing facility during any calendar year. The owner or operator of any motor racing facility which is conducting a special-motor-racing-event must previously notify the local public that a special-motor-racing-event will be conducted.

(b) Rules 503 through 514 shall not apply to motor racing facilities which conduct motor racing events on fewer than five days per calendar year.

(c) Rules 503 through 514 shall not apply to fairground motor racing facilities during motor racing events held in conjunction with a state or county fair.

(d) Rules 502 through 514 shall not apply if there are no residential dwelling units within two miles of such motor racing facility's racing surface.

(e) Rules 502 through 514 shall not apply to any motor racing facility whose sound emissions do not at any time exceed the background sound level by more than 7 dB(A) at any residential dwelling unit.

(f) Rules 502 through 514 shall not apply to any existing motor racing facility whose sound emissions do not at any time exceed the allowable octave band sound pressure levels specified in Table 1 or Rule 202 of Part 2 of this Chapter when measured at any point within any receiving Class A land.

(g) Rules 502 through 514 shall not apply to any new motor racing facility whose sound emissions do not exceed at any time during daytime hours the allowable octave band sound pressure levels specified in Table 1 of Rule 202 of Part 2 of this Chapter or at any time during the nighttime hours the allowable octave band sound pressure levels specified in Table 2 of Rule 203 of Part 2 of this Chapter when measured at any point within any receiving Class A land.

Rule 516: Compliance Dates for Part 5

(a) Every owner or operator of an existing motor racing facility shall comply with the requirements of Part 5 of this Chapter 90 days after the effective date of this Part.

(b) Every owner or operator of a new motor racing facility shall comply with the requirements of Part 5 of this Chapter when motor racing activities commence at such new motor racing facility.

DEPARTMENT OF REGISTRATION AND EDUCATION

NOTICE of proposed amendment to ILLINOIS MEDICAL PRACTICE ACT - Adoption of Rules relating to mandatory CONTINUING MEDICAL EDUCATION for those licensed to practice medicine under the Illinois Medical Practice Act.

NOTICE

PLEASE TAKE NOTICE THAT the Department of Registration and Education pursuant to Section 5.1 of the Illinois Medical Practice Act (Ill. Rev. Stat. 1975, Ch. 91, Sec. 5.1, eff. July 1, 1976) proposes to adopt rules relating to mandatory continuing medical education requirements for renewal of licenses to practice medicine in all of its branches or to treat human ailments without the use of drugs or medicines and without operative surgery.

DESCRIPTION OF THE SUBJECT MATTER INCLUDED

These rules (which, if adopted, will be designated Rule XI-Continuing Medical Education (CME)) are organized as follows:

Art. I. Biennial Renewal of License

Art. II. Categories of CME for which Credit shall be awarded (this article includes requirements for approval by the Department of institutions and orgainzations of all kinds which offer CME credits.)

Art. III. Certification of Compliance with CME requirements.

Art. IV. Waiver of CME requirements and extension of time within which to comply.

Art. V. Noncompliance with Rule XI.

Art. VI. Confidential information.

RULE XI

CONTINUING MEDICAL EDUCATION

Forward:

This RULE is promulgated pursuant to Section 5.1 of the Medical Practice Act, approved June 20, 1923, as amended ("the Act"), and in conformity with the requirements of that Section with respect to mandatory continuing medical education (hereinafter called "CME") for persons licensed in Illinois pursuant to the Act.

ARTICLE I. BIENNIAL RENEWAL OF LICENSE

Section 1. The commencement date of the next renewal period for which licenses to practice medicine in all of its branches or to treat human ailments without the use of drugs or medicines and without operative surgery is July 1, 1978. At the time a person applies to the Department of Registration and Education of the State of Illinois ("Department") for renewal of the license to him or her pursuant to the Act for the renewal period commencing July 1, 1978 ("first renewal period"), or for any renewal period after June 30, 1980, such person ("renewal applicant" or "applicant") shall, subject as hereinafter provided, submit to the Department evidence, on forms supplied by the Department, of his or her CME:

(a) During the period commencing January 1, 1978, and ending March 31, 1978, in the case of applications for renewal for the first renewal period and thereafter

(b) During any period of 24 calendar months immediately prior to April 1 in the year in which will occur the commencement date of the period for which renewal of such license is sought. (The period of 24 calendar months immediately prior to the April 1 in which will occur the commencement date of the renewal period for which renewal of such license is sought is hereinafter sometimes called "prerenewal period.")

Section 2. The Department shall require 100 credit hours of CME relevant to the practice of medicine in all of its branches or the practice of any system or method of treating human ailments without the use of drugs or medicines and without operative surgery, as the case may be, for which such applicant holds a license issued by the Department, such credit hours to be distributed, except as hereinafter in this Section 2 stated, over a period of two years, and in any category or categories hereinafter designated, all as such applicant may elect, during the applicable prerenewal period; provided that, anything herein to the contrary notwithstanding, for the prerenewal period ending March 31, 1978:

(a) Each applicant shall be required to have a total of 12 credit hours (equivalent to an average of 4 credit hours of CME for each full calendar month during the period commencing January 1, 1978, and ending March 31, 1978), and the same may be distributed as the applicant may elect, subject as provided in the immediately succeeding subdivision (b) and

(b) Each applicant shall be required to have, and include, as part of the CME required hereunder, during the period commencing January 1, 1978, and ending March 31, 1978, both dates inclusive, at least one-third of the required CME credit hours (i) in the Category described in Section 1 of ARTICLE II as CATEGORY 1 or (ii) in the Category described in Section 3 of ARTICLE II as CATEGORY 1. The total number of required hours of CME, or any part thereof, may have been earned at anytime during the period of 24 months prior to April 1, 1978.

ARTICLE II. CATEGORIES OF CME FOR WHICH CREDIT SHALL BE AWARDED

Section 1. Activities approved by the Department for which CME credit may be earned by each person licensed to practice medicine in all of its branches during each prerenewal period are as follows:

CATEGORY 1 A minimum of 50 hours - up to the full 100 hours - in formal learning programs as defined in (a) below or by either or both teaching and medical care evaluation activities as defined in (b) below or in compliance with requirements equivalent to those provided by the applicable Illinois statutes or rules or regulations with respect to requirements of the kind hereinafter set forth in Section 2 of this Article II:

(a) At least 20 hours of verified attendance at any formal education program which is sponsored or cosponsored by an organization accredited for CME by American Medical Association ("AMA") prior to July 1, 1977, or accredited on or after July 1, 1977, by the Liaison Committee on Continuing Medical Education ("LCCME") or by the Committee on Continuing Medical Education of the American Osteopathic Association or by any other agency or institution recognized or accepted by the Department for the provision of continuing medical education, all subject to such further determination or determinations as may be made by the Department at any time or from time to time.

(b) Up to 30 hours of all or any verified teaching of medical students, postgraduate medical trainees, or of verified teaching of preceptees or practicing physicians in CME programs sponsored or cosponsored

by any organization, agency or institution referred to in the immediately foregoing subparagraph (a) of this Category 1 or of verified participation in the activities of a medical audit, patient-care evaluation, utilization review committee or similar committee of a hospital licensed by the Illinois Department of Public Health; or verified participation in patient-care review activities of a Professional Standards Review Organization or other regional agency authorized by State or Federal law to monitor the quality of medical care; or verified participation in patient-care review activities of a medical foundation or other physician-organized or sponsored agency established voluntarily to monitor the quality of medical care, which such foundation or such other organization is approved by the Department.

CATEGORY 2 Up to 50 hours of:

(a) Verified attendance at, or participation in, meetings or recognized specialty or professional organizations, teaching rounds and exercises in postgraduate programs heretofore approved by the Liaison Committee on Graduate Medical Education ("LCGME"), or by the Committee on Continuing Medical Education of the American Osteopathic Association;

(b) Verified attendance at lectures, grand rounds, departmental or hospital scientific meetings, and similar activities in LCCME accredited hospitals which are not organized as formal education programs of the kind referred to in CATEGORY 1 of this Section 1 of ARTICLE II;

(c) Verified formal learning experiences sponsored by recognized agencies not accredited for CME, but approved by the Department, in subjects not directly related to clinical medicine that facilitate physician performance, such as courses in computerized patient-record systems, or training - including advanced degree programs - in education, health administration, and similar subjects;

(d) Papers prepared and delivered before recognized specialty societies, papers published in nationally recognized medical journals, or a chapter in a medical book, or an exhibit prepared for a medical meeting, each appropriately verified; and

(e) Up to 50 hours - in verified self-instruction - individual use of audio-visual materials, use of teaching devices, and study of medical literature - which is sponsored or cosponsored by any recognized medical college, institution or national, state or local medical association, or national specialty society, or organization similar to any of the foregoing.

(f) Any excess credit hours from CATEGORY 1, paragraph (b), can be used to satisfy CATEGORY 2 requirements.

Section 2. Additional activities approved by the Department for which CME credit may be earned by any person licensed to practice medicine in all of its branches during each prerenewal period are as follows:

Up to the full 100 hours - in, or toward, verified compliance with any of the following requirements, provided that the applicable specific requirements, in each case, are substantially equivalent to, or greater than, those imposed by the applicable Illinois statutes or by these or any other applicable governmental rules or regulations:

(a) CME requirements of another state medical licensing authority;

(b) Certification or Recertification by a specialty board;

(c) CME requirements of a national specialty society; or

(d) Six months or longer, working full time in a residency program approved by the LCGME or in a postresidency fellowship,

all subject to the approval of the Department.

Section 3. Applicants who are licensed to practice a system or method of treating human ailments without the use of drugs or medicines and without operative surgery may earn CME credit during each prerenewal period for activities hereinafter set forth in this Section and then only to the extent stated:

CATEGORY 1 (a) A minimum of 50 hours - up to the full 100 hours - in verified attendance at any formal education program which is sponsored, cosponsored or accredited by:

(i) any chiropractic institution having approved status with the Council on Chiropractic Education approved by the Department or any chiropractic school or other chiropractic institution approved by the Department; or

(ii) American Chiropractic Association or International Chiropractic Association, or any of their respective Council and Diplomate programs; or

(iii) Illinois Chiropractic Society or Prairie State Chiropractic Association, or any of their respective local chapters;

all subject to such further determination or determinations as may be made by the Department at any time or from time to time.

(b) Up to 30 hours of all or any verified teaching of chiropractic students, or postgraduate chiropractic trainees, or of verified teaching of preceptees or practicing chiropractors in CME programs sponsored or cosponsored by any organization referred to in the immediately foregoing subparagraph (a) of this Category 1.

(c) Up to the full 100 hours - in, or toward, verified compliance with any of the following requirements, during each prerenewal period, provided that the applicable specific requirements, in each case, are substantially equivalent to, or greater than, those imposed by the applicable Illinois statutes or by these or any other governmental rules or regulations:

(i) CME requirements of another licensing authority with respect to chiropractors;

(ii) Certification or Recertification by a specialty board;

(iii) CME requirements of national chiropractic specialty society; or

(iv) six months or longer, working full time in a residency program approved by the Council on Chiropractic Education, or in a post-residency fellowship; or,

(v) attendance at programs of the kind referred to in subparagraph (a) of CATEGORY 2 of Section 1 of ARTICLE II.

CATEGORY 2 Up to 50 hours of anv or all of the following:

(a) Verified self-instruction - individual use of audio-visual materials, use of teaching devices, and study of chiropractic or medical literature - which is sponsored or cosponsored by any institution or other organization hereinbefore referred to in subparagraph (a) of CATEGORY 1 of this Section 3 of ARTICLE II; and

(b) Papers prepared and delivered before recognized specialty societies, papers published in nationally recognized medical or chiropractic journals or a chapter in a chiropractic book or any exhibit prepared for a chiropractic meeting, each appropriately verified.

Section 4. Where any of the activities hereinbefore described is required by the terms hereof to be verified, the applicant may satisfy such requirement by the performance thereof and the filing with the Department of a statement under oath describing the particular activity or activities for which CME credit is at any time claimed with such particularity as shall be satisfactory to the Department, subject to the right of the Department to require further details with respect thereto in such form as the Department shall specify.

Section 5. One clock hour substantively spent satisfying the requirements of CATEGORY 1 or 2, or any part thereof, of Section 1 of ARTICLE II, or of Section 2, or any part thereof, of ARTICLE II or of CATEGORY 1 or 2, or any part thereof, of Section 3 of ARTICLE II shall equal one credit hour for the purpose of satisfying the CME credit-hour requirements hereof during any prerenewal period.

Section 6. Hospitals, organizations, associations, councils, committees, societies, colleges, schools, institutions or other entities (hereinafter called, individually, "sponsor") as a condition to being approved, or continuing to be approved, or having activities accepted by the Department, for CME credits which may be earned by renewal applicants in order to comply with CME requirements herein stated, shall at all times:

(a) Maintain accurate records of the names and addresses of all renewal applicants attending or participating;

(b) Record accurately in such records the exact number of hours of such attendance or participation, or both, by each renewal applicant;

(c) Issue to each renewal applicant a certificate certifying the exact number of hours of attendance or participation or both, signed by the registrar or other authorized officer of such sponsor; and specify that such certification is subject to the terms of this Section 6 of this ARTICLE II;

(d) Make available to any renewal applicant who, in any way, has attended, engaged or otherwise participated in any CME activities under the auspices of such sponsor and paid in full all tuition or other fees therefor, or to anyone designated by such applicant, the records or pertinent part thereof, requested by such applicant, for examination and audit during the regular office hours of such sponsor; and

(e) Maintain records in compliance with all applicable accreditation requirements.

Upon the failure of any sponsor to comply with any of the foregoing requirements, the Department, after notice to such sponsor and hearing before, and recommendation by, the Medical Examining Committee, may refuse to accept any such attendance or participation in any CME activities, courses or programs sponsored or cosponsored as in compliance with CME requirements under this RULE XI and may, by reason of such failure, thereafter refuse to accept, for CME credits, attendance or participation in, any such sponsor's CME activities, courses or programs until such time as the Department receives reasonably satisfactory assurances of compliance with this Section and all other applicable provisions of this RULE XI.

ARTICLE III. CERTIFICATION OF COMPLIANCE WITH CME REQUIREMENTS

Section 1. Each application for biennial license renewal shall be under oath. Each renewal applicant shall, except as provided in Section 3 of this ARTICLE III and in ARTICLE IV of this RULE, certify, on such license renewal application, to such applicant's full compliance with the CME credit-hour requirements set forth in ARTICLE I of this RULE during the pertinent prerenewal period by marking an "X" or check mark in a box provided for such purpose or by so certifying in any other way which shall be satisfactory to the Department.

The Department may, but shall not be required:

(a) To set forth on such application the question:

Has the applicant fully complied with the valid applicable CME requirements for the renewal of such applicant's license which this application seeks? and

(b) To provide such applicant with the opportunity to make an affirmative answer on such application in any of the ways hereinbefore provided in this Section.

Section 2. The Department relies upon each individual applicant's integrity in certifying to such applicant's compliance with the CME requirements herein provided. Nevertheless, the Department reserves the right to require, if it so elects, any renewal applicant to submit, in addition to such renewal application, further evidence satisfactory to the Department demonstrating compliance with the CME requirements herein

provided. Accordingly, it is the responsibility of each renewal applicant to retain or otherwise be able to have, or cause to be made, available, at all times, reasonably satisfactory evidence of such compliance.

Section 3. Any applicant who is first licensed in Illinois by examination after the effective date of this RULE, shall not be required to comply with any CME requirements herein set forth for the first renewal of such applicant's license.

Section 4. In the event that the Department shall find, with respect to any application for license renewal and any other evidence of compliance with the CME requirements of this RULE submitted to it by any renewal applicant that:

(a) Such application or any further evidence of compliance with the CME requirements herein provided for are, for any reason, unsatisfactory to the Department, whether because the Department has questions or doubts with respect to any matters set forth in such application or such further evidence, or both, or for any other reason whatsoever, or

(b) The Department has no satisfactory evidence demonstrating that such applicant has complied with the CME requirements provided by this RULE after requesting such applicant to furnish or otherwise provide such evidence,

the Department shall give to such renewal applicant personally or by written notice, by registered or certified mail, return receipt requested, addressed to such applicant at the address to which such applicant's last renewal application was addressed or any subsequent address furnished by such applicant, of (i) such finding, (ii) its proposed recommendation to the Director on the basis of such finding, and (iii) the date and place of hearing before the Medical Examining Committee. At such hearing such applicant shall have an opportunity to be heard with respect to such finding and proposed recommendation and to present evidence satisfactorily showing full compliance with the applicable CME requirements of this RULE or reason for waiver of such requirements, or any of them. Such applicant or the Department may have, if either party so elects, a stenographer present at such hearing to take down any testimony given thereat and preserve a record thereof, all at the expense of such applicant. After considering, also, such further evidence relating to the matters set forth therein as shall have been filed with the Department by such renewal applicant or, after reasonable notice to the applicant, by anyone else or presented at such hearing, the Medical Examining Committee shall present to the Director a written report of its findings and recommendations as to whether such applicant has satisfied, during the prerenewal period involved, the requirements of this RULE with respect to the relevant CME requirements, or reasons for waiver of such requirements, or any of them, and, accordingly, whether such applicant's application for renewal of license should be granted. A copy of such report shall be served upon such renewal appli-

cant either personally or by registered or certified mail addressed as aforesaid. Within 20 days after such service, such renewal applicant may present to the Department his or her written motion for a rehearing, if desired, and shall specify the particular grounds therefor.

ARTICLE IV. WAIVER OF CME REQUIREMENTS AND EXTENSION OF TIME WITHIN WHICH TO COMPLY

Any renewal applicant seeking renewal of license without full compliance with these CME requirements with respect to having the required number of credit hours of CME shall file with the Department application for license renewal, the required fee therefor, an affidavit setting forth the facts concerning such noncompliance, and a request for waiver of the CME requirements on the basis of such facts. Thereupon, if from such affidavit or any other evidence submitted, each case being considered by the Medical Examining Committee, on an individual basis, and upon written report and recommendation of the Committee, the Department finds:

(a) That, during the applicable prerenewal period, there was an absence of opportunities for CME in the locality or localities in which such renewal applicant was engaged in the lawful practice of the licensed profession during such prerenewal period and that the absence of such opportunities would interfere with the adequacy of medical services in such locality or localities or

(b) That good cause, as hereinafter defined, has been shown for granting to such renewal applicant an extension of time within which such applicant shall complete compliance with all such CME requirements or any part thereof with which such applicant has not complied,

the Department:

(i) In the case of situations involving item (a), shall waive the enforcement of such CME requirements and renew such license for the renewal period for which such applicant has applied and

(ii) In the case of situations involving item (b), shall specify the length of the extension of time granted, if any, within which such renewal applicant shall complete compliance with all such CME requirements and during which period of extension such renewal applicant may continue to practice, subject as hereinafter provided, and shall notify such applicant thereof.

Good cause shall be, but is not limited to, any of the following:

(a) serving full time in the regular armed forces of the United States of America during any part of the applicable prerenewal period.

(b) inability to devote sufficient hours during the applicable pre-renewal period to CME because of illness, incapacity, undue hardship or any other extenuating circumstances.

Any waiver of, enforcement of, or extension of time granted for, compliance with such CME requirements shall be without prejudice to the Department's power or right to refuse license renewal at any time or from time to time for any renewal period for which application is filed or for any remaining balance of such period because of noncompliance with CME requirements during any prerenewal period or any other proper ground for such refusal.

Hearing before the Medical Examining Committee with respect to any request for such waiver may be granted only if such hearing is requested at the time the request for such waiver is filed with the Department. The renewal applicant requesting such waiver shall be given at least 20 days written notice of the date, time and place of such hearing by certified mail, return receipt requested.

ARTICLE V. NONCOMPLIANCE WITH THIS RULE XI

In the event that any renewal applicant becomes ineligible for license renewal because of failure to comply with any of the provisions of this RULE XI such applicant's license shall not be renewed pursuant to the renewal application theretofore filed by such applicant or pursuant to any other renewal application at any later time filed by such applicant and shall expire, subject to reinstatement as hereinafter in this ARTICLE V provided. The Medical Examining Committee may recommend to the Director the reinstatement of any such applicant whose license has expired upon receipt of satisfactory evidence that such applicant or licensee has corrected any deficiency in the required credit hours of CME and is then in all other respects in compliance with this RULE and the Act.

ARTICLE VI. CONFIDENTIAL INFORMATION

Information which in any way relates to the CME of any licensee under the Act or the participation of such licensee therein, as same pertains to any aspect of such licensee's practice liability, public image or relationships with individual patients, shall be deemed strictly confidential, except that such information which may, at any time, be in the Department's files or other records may be made available:

(a) Upon written consent of such licensee or, in case of such licensee's death or disability, of such licensee's personal representative; or

(b) At any hearing in which the Department or its Director or any other personnel of the Department, or the Medical Examining Committee, or the Medical Disciplinary Board shall be involved or otherwise interested; or

(c) At any court or administrative proceeding or at the taking of testimony, whether orally or by deposition, or both, in connection with any such proceeding, in which the Department or its Director or any other of its personnel shall be served with a subpoena or a subpoena duces tecum, as the case may be, of a court or administrative body of competent jurisdiction upon payment of the same fees and mileage as prescribed by law in the case of judicial proceedings in civil cases in Illinois courts.

TIME AND MANNER IN WHICH INTERESTED
PERSONS MAY PRESENT THEIR VIEWS
CONCERNING THE PROPOSED ACTION

Notice is hereby given that all interested persons may submit, in writing, data, views, arguments or comments on the proposed rules. All submissions will be fully considered. Submissions must be received by January 25, 1978, and should be sent to:

Medical Examining Committee
Department of Registration and Education
55 East Jackson Boulevard, 17th Floor
Chicago, IL 60604

ILLINOIS DEPARTMENT OF PUBLIC HEALTH

PROPOSED RULES AND REGULATIONS FOR GRANT AWARDS

TO FAMILY PRACTICE RESIDENCY PROGRAMS

The Illinois Department of Public Health proposes to adopt the attached rules and regulations for grant awards to family practice residencies in accordance with the Family Practice Residency Act (Chapter 144, Section 1451 et.seq., 1977).

These proposed regulations contain definitions of accreditation, eligibility of applicants, and designated shortage areas. Sections 2.04.4 and 2.04.5 state how a population group or geographic area may be included on a list of designated shortage areas for the purpose of this Act. Section 4.04 describes the project requirements and Section 4.05 describes the additional elements the Director of the Department will take into consideration in evaluating grant applications.

The proposed regulations were reviewed and commented upon by deans of medical schools, directors of family practice residencies, family practitioners, and representatives of medical societies.

If any interested persons wish to present their views concerning these proposed regulations, they may do so by submitting a request for opportunity to comment within 14 days, beginning on the date of publication. This request should be directed to: Ms. Ann Winegar, Program Director, Illinois Department of Public Health, 160 North LaSalle Street, Room 1100, Chicago, Illinois 60601. The Department will consider all written comments received within 45 days from date of publication.

The text of the rules and regulations follows:

1.00 General Statement

2.00 Definitions

3.00 Advisory Committee

4.00 Family Practice Residency Program Funds

5.00 Conclusions

1.00 General Statement (Summary)

1.01 These rules and regulations are applicable to the award of grants by the Department of Public Health to schools of medicine or osteopathy or to hospitals which have or are planning to have family practice residency programs whose goal is to train physicians to provide medical care to underserved population areas.

1.02 These rules, and subsequent amendments of the Advisory Committee, shall be published in accordance with the Illinois Administrative Procedures Act.

1.03 Written comments are invited and should be addressed to the Program Director, Illinois Department of Public Health, 160 North LaSalle Street, Room 1100, Chicago, Illinois 60601.

2.00 Definitions

2.01 The Act is the Family Practice Residency Act.

2.02 Accredited family practice residency program is fully or provisionally approved by the LCGME or by the American Osteopathic Association. In case of new programs, the program must be in the process of being reviewed for accreditation.

2.03 Department is the Illinois Department of Public Health.

2.04 Designated shortage area is:

2.04.1 An urban or rural geographic area which is a rational area for the delivery of health services. The area may include a county, a contiguous group of counties, an isolated subarea within a county, or a subarea within a metropolitan boundary.

2.04.2 A special population group.

2.04.3 Those areas designated under sections 332 and 329(b) of the Public Health Service Act.

2.04.4 Each applicant shall document the manpower and health service needs of the community in which it proposes to establish or extend family practice residencies.

2.04.5 Any individual or representative group may petition the Director for the purpose of designating a geographic area or population group as medically underserved.

2.05 A local health department is a full-time county, multi-county, or municipal health department recognized by the Illinois Department of Public Health.

2.06 Project period is the total time for which support of the project has been approved.

2.07 School of medicine or osteopathy is a public or private nonprofit school which provides training leading to a doctor of medicine or osteopathy and is accredited by recognized agencies.

3.00 Advisory Committee

3.01 Membership of the Advisory Committee shall include the Executive Secretary of the Statewide Health Coordinating Council, one school of medicine or osteopathy dean, four family practitioners and three members of the general public capable of advising the Director in matters of financial aid, underserved populations, or who utilize family practice services.

3.02 Functions of the Advisory Committee shall include:

3.02.1 Consultation with the Director or designated personnel on general policy and program procedural matters.

3.02.2 Review and recommendations on grant application from residency programs.

3.02.3 Consultation on determination and updating of designated shortage areas.

3.02.4 Monitoring of performance of funded projects.

3.02.5 Meetings shall be at the discretion of the Director.

4.00 Family Practice Residency Programs

4.01 Expenditure of funds granted under this Act may be used to support:

4.01.1 The educational component of the program.

4.01.1a Any applicant eligible for funding from the Illinois Board of Higher Education and the Department must provide a full budget display of how funds from the two institutions will be utilized.

4.01.2 Development of preventive medicine, public health, or occupational health components of the program.

4.01.3 Outreach components of the program.

4.01.4 Community based research.

4.02 Eligibility - Any accredited family practice program, school of medicine or osteopathy with a department of family practice, or any community sponsoring agency or educational foundation committed to the development or extension of family practice residencies in designated shortage areas of the State may apply for a grant under this Act.

4.02.1 A residency program site may be contiguous to a designated shortage area if it clearly shows that it presently serves a percentage of the population in the shortage area, and definitive plans to increase that percentage during the project period.

4.03 Application - Each applicant petitioning for a grant shall submit a project proposal in a form prescribed by the Director. The proposal shall be submitted by a person authorized to act for the applicant as Project Director. In addition to such basic information as the Director may require, each project proposal must contain the following:

4.03.1 A statement of specific, attainable, and measurable objectives of the proposed project, consistent with the purpose of Sections 4.01 and 4.02 of the Act.

4.03.2 A step by step plan for implementing and measuring the stated objectives.

4.03.3 A timetable for carrying out the activities leading to the objectives of the program and plans for program continuance beyond the project period.

4.03.4 A description of the geographic area or underserved target population group and documentation of the social or economic reasons for being underserved.

4.03.5 A description of all resources to be used by the applicant including faculty, staff, equipment, and facilities.

4.03.6 The number of residents at each level of training for each year of the project.

4.03.7 A description of the training to be offered in each year of residency.

4.03.8 A copy of applications made to other funding sources relating to family practice programs, and a report on the amount of money received from those sources.

4.03.9 A detailed budget for the entire project period with justification for the amount requested.

4.03.10 A copy of affiliation agreements with other institutions.

4.04 Project Requirements - Each applicant shall:

4.04.1 Have a Project Director who is authorized to act as fiduciary agent for the applicant and who is vested with the authority to sign contracts with the Department, sign applications for funds, and execute any representation required by the Department.

4.04.2 Have a Program Director who is a family practitioner (unless an exception is justified) who oversees the educational and professional components of the program and who is eligible to be a faculty member of a school of medicine or osteopathy, preferably in a Department of Fami Practice.

4.04.3 Shall show that U.S. medical school graduates or osteopathy school graduates, or U.S. citize who are graduates of foreign medical schools occupy 75 percent of the resident positions.

4.04.4 Participate in research and reporting as required by the Director at appropriate interva

4.05 Project Preferences - The Director, after consultation with the Advisory Committee, will approve all applications, taking into consideration the following program elements:

4.05.1 The affiliation agreements between residency programs and schools of medicine or osteopathy.

4.05.2 Educational components that conform to the essentials for mastering a specialty in family practice.

4.05.3 The understanding of the political and social conditions under which a medical practice is conducted.

4.05.4 Instruction in the behavioral sciences.

4.05.5 The educational experiences of residents through local health departments as defined under Section 2 of these regulations or approved preventive or occupational medicine experience.

4.05.6 Built-in quality assurance including:

1) a system which assures the greatest continuity of care by program personnel;

2) mechanisms for referral to secondary and tertiary institutions;

3) use of a medical record system which is suitable for audit and is available for systematic review by the entire health care team;

4) review of performance in reference to laboratory, diagnostic accuracy, and treatment plan by clinical staff members;

5) peer review.

4.05.7 The potential effectiveness of the proposed project to assist in the delivery of services to underserved population groups in designated shortage areas of the State.

4.05.8 Community-oriented research including projects such as:

1) determination of risk factors in defined populations;

2) determination of immunization levels in preschool children;

3) unusual environmental hazards in defined population groups (e.g., lead poisoning, drug abuse, etc.);

4) determination of occupational hazards for a defined group of workers (e.g., industrial, farm, migrants, etc.).

5.00 Conclusions

5.01 The Director shall determine the ratio of State to local support for each approved and funded project based upon the recommendation of the Advisory Committee, the program needs, and the resources received from other funding sources.

5.02 Funds will be disbursed to grantees as a grant before June 30, 1978.

5.03 Applications received prior to May 1, 1978 reviewed and processed for participation in the program.

5.04 Each applicant shall be accountable to expend the funds solely for carrying out the approved project. Failure to show accountabilty will terminate further awards, and recoupment may be required after judicial hearing.

ALAN J. DIXON
Secretary of State

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